Iraq

No retreat and no advance

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Mitterrand

Beginning of the end

Page 2

Braer aftermath

The legacy of pollution

Page 6

Tomorrow's Weekend FT

Russian arts perform a dance of death

FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JANUARY 15 1993 — D8523A

Aircraft carrier to protect British troops in Bosnia

The UK government is to send the aircraft carrier Ark Royal, two frigates and three support ships to protect – and if necessary evacuate – British soldiers in Bosnia-Hercegovina. Defence secretary Malcolm Rifkind emphasised that Britain's role of escorting aid supplies would not change. Troops would not intervene in fighting between rival factions in former Yugoslavia. Page 12

Miller takes Molson stake: Miller Brewing, beer arm of US food and tobacco group Philip Morris, is buying a 20 per cent stake in Canada's biggest brewer, Molson Breweries. Page 13

Ferry's third capsize kills 51: A Polish ferry plying between Poland and Denmark capsized during a storm in the Baltic Sea. Up to 51 people are believed to have drowned. The ship, built in 1977, had capsized twice before. Page 2

Honecker arrives in Santiago

Former East German leader Erich Honecker (left) arrived at Santiago, the Chilean capital, to be reunited with his wife. The 80-year-old, who has liver cancer, showed his bag of medicines on his flight from Germany, where his manslaughter trial was abandoned because of his health.

Press restrictions: The UK government, reacting to Sir David Calcutt's report into press regulation, is to make electronic bugging and trespass criminal offences and promises serious consideration of a civil remedy against undue intrusion into privacy. Page 6

Strike at Cathay Pacific: Cabin crew at Hong Kong international carrier Cathay Pacific went on strike over staffing levels, halting almost half the airline's flights. Page 3

Tabacalera to sell Royal Brands: Spanish state-controlled tobacco company Tabacalera is negotiating the sale of Royal Brands, its food and agribusiness division, to US multinational RJR Nabisco. Page 13; Lex, Page 12

Sharp rise in bank's profits: Bank of New York, a conservatively managed commercial bank, reported net annual profits of \$369m, up from \$122m because of stronger fee income and lower bad debt provisions. Page 15

Algeria referendum: Algeria is to hold a referendum on a new constitution which acting head of state Ali Kafi hopes will end 12 years of fighting between security forces and radical Islamic groups. Page 3

Digital cuts losses: San Francisco-based computer manufacturer Digital Equipment reported second-quarter losses of \$73.9m, compared with \$155.2m in the second quarter of fiscal 1992, as the company cut costs. Page 15

Rhône-Poulenc cuts estimate: French state-owned chemicals group Rhône-Poulenc, scheduled for partial privatisation within two weeks, cut its operating profits estimate of 20 per cent to between 5 and 10 per cent. Page 14; Lex, Page 12

Kurdish guerrillas bombed: Turkish aircraft bombed a mountain camp of the outlawed Kurdistan Workers party in eastern Turkey, killing at least 35 guerrillas.

J.P. Morgan's trading income drops: New York banking group J.P. Morgan suffered a decline in trading revenues in the fourth quarter, but produced a 21 per cent rise in full-year net profits to \$1.382bn. Page 13

Jobless rate declines: Australia's unemployment rate fell by 0.1 points to 11.3 per cent in December. Page 3

Bock to hold biggest Lonrho stake: Lonrho's rights issue, which closes today, is expected to fail, enabling German financier Dieter Bock, who is underwriting half the new shares, to become the group's biggest shareholder. Page 13

UK car output up: UK car production rose 4.4 per cent to 1,291,231 units last year, helped by a substantial increase in output by Japanese carmaker Nissan and by Vauxhall, UK subsidiary of General Motors of the US. Page 6

Snapped up: A Nikon camera made in 1960, one of only 195 of its kind, fetched £28,600 (\$43,500) at Christie's in London – a British record for a Nikon.

■ STOCK MARKET INDICES

FT-SE 100:	2,758.2	(+13.9)
Yield	4.40	
FT-SE Eurotrack 100	1,076.83	(13.91)
FT-A All-Share	1,337.58	(+0.5%)
Nikkei	16,515.60	(-2.31)
New York: lunchtime		
Dow Jones Ind Ave	3,256.81	(-6.75)
S&P Composite	433.8	(+0.57)

■ US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	3.034%
Long Bond	102 5/32
Yield	7.407%

■ LONDON MONEY

3-mo Interbank	7%	(7 1/16%)
Liffe long gilt future:	Mar 99 3/32	(Mar 99 31/32)

■ NORTH SEA OIL (Argus)

Brent 15-day March	\$17.325

■ Gold

New York Comex Jan	\$327.3	(327.5)
London	\$327.55	(327.45)

■ STERLING

New York lunchtime:		
\$	1.5415	
London:		
\$	1.5375	(1.5395)
DM	2.49	(2.5125)
FFr	8.44	(8.5175)
SFr	2.2775	(2.2975)
Y	193.25	(194)
£ Index	81.8	(81.8)

■ DOLLAR

New York lunchtime:		
DM	1.6165	
FFr	5.4765	
SFr	1.4775	
Y	125.75	
London:		
DM	1.6195	(1.6325)
FFr	5.49	(5.5325)
SFr	1.4815	(1.492)
Y	125.7	(126)
\$ Index	66.6	(66.8)

Tokyo close Y 125.65

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S\$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Spain	Pta200		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr15		
Czech	Kcs35	Israel	Shk5.50	Norway	NKr16.00	Switz	SFr3.20		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht60		
Finland	FM12	Korea	Won 2500	Philippines	Peso45	Tunisia	Din1.250		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000		
Germany	DM3.30	Lebanon	US\$1.25	Portugal	Es215	UAE	Dh11.00		

■ Schlüter misinformed parliament ■ Crisis over his replacement

Denmark's PM quits over Tamil refugees scandal

By Hilary Barnes and Lionel Barber in Copenhagen and Andrew Hill in Brussels

DENMARK, current holder of the European Community presidency, was thrown into political crisis yesterday when Mr Poul Schlüter, prime minister since 1982, announced his resignation after a judicial inquiry savagely criticised him for misinforming parliament.

Mr Schlüter, 63, the leader of the Conservative party, gave the Folketing, Denmark's parliament, misleading and incorrect information in 1989 on a scandal surrounding the government's attitude to Tamil refugees from Sri Lanka, and he must have known this, said the report released yesterday.

Mr Schlüter nominated Mr Henning Dyremose, finance minister in the minority Conservative-Liberal coalition government, to succeed him. But it was increasingly doubtful last night that Mr Dyremose could win majority support.

Mr Poul Nyrup Rasmussen, leader of the opposition Social Democratic party, called for the establishment of a broad coalition. Negotiations between party leaders for a new government were also demanded by the Radical Liberals and the Centre Democrats, two small parties which have hitherto supported Mr Schlüter's government.

Constitutional experts said a general election was unlikely, and could be called only once a new prime minister is installed. The next election is not due until the end of 1994.

The upheaval could complicate plans for a second referendum on the Maastricht Treaty on European union, although Danish officials insisted yesterday that a switch of government would not harm prospects for Maastricht since seven of the eight parliamentary parties support the treaty after the special deal on opt-outs agreed at the Edinburgh summit last month. Last June, Danish voters narrowly rejected Maastricht in a referendum.

Page 12

■ Something rotten in the government of Denmark

In Brussels, diplomats and Commission officials said they believed Mr Schlüter's resignation would not have a dramatic effect on the smooth running of the Danish presidency of the EC, which ends in June. Most refused to commit themselves until it was clear how the government crisis would be resolved. A spokesman for Mr Hans van den Broek, the EC's new commissioner for external relations, would say only that "it's not clear yet what the implications are."

An Irish diplomat said it would be difficult for someone to step into the Mr Schlüter's shoes in the EC presidency, given the personalised nature of the job. "Obviously for someone to change in midstream isn't desirable, because you are losing the preparation that the original people have done in the run-up to the presidency," he said.

Ahead of the news, the Copenhagen all-share index dipped 2.39 points to 263.73 yesterday, but government bond prices remained stable.

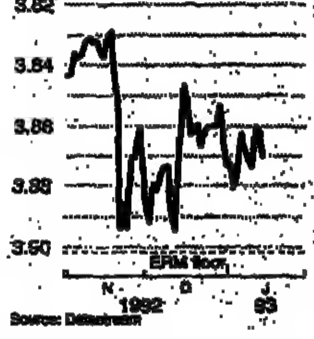
The resignation also came too late to affect the krone in European foreign exchange trading. But there have been concerns in recent days that a political crisis could undermine the currency, which is already close to its floor against the D-Mark in the European exchange rate mechanism.

After opening in London at DKr3.8615 to the D-Mark, the krone weakened in the European morning to about DKr3.8750 as the contents of the Tamilgate report filtered out. After the

Continued on Page 12

Danish Krone

against the D-Mark (DK per DM)



Source: Datastream

Poul Schlüter: his resignation is unlikely to cause a general election. The next election is not due until the end of 1994

US says Iraq raids destroyed only half targets

By George Graham in Washington and Roger Matthews in London

THE US claimed yesterday that its raid on Iraq had succeeded, although it acknowledged that only half its targets were destroyed.

At the same time the incoming Clinton administration warned President Saddam Hussein not to expect any softening of US policy.

Mr Brent Scowcroft, national security adviser, said preliminary assessments showed that the US and allied air strikes on Wednesday had knocked out about half of the eight anti-aircraft missile and radar sites in Iraq's southern no-fly zone.

President George Bush told reporters at the White House: "Let's just hope that Saddam Hussein got the message. What our pilots did certainly sent that message loud and clear."

President-elect Bill Clinton, in an interview with the New York Times, said he was not obsessed with the idea of ousting Mr Saddam. If the Iraqi leader wanted a better relationship with the US, all he had to do was abide by UN requirements.

"I always tell everybody I am a Baptist, I believe in deathbed conversions. If he wants a different relationship with the US and the UN, all he has to do is change his behaviour," Mr Clinton said.

Mr Warren Christopher, Mr Clinton's nominee as secretary of state, said this should not be interpreted as an olive branch to Iraq. He said he was not optimistic about Mr Saddam's prospects for redemption. At most, he said, Mr Clinton would seek to prevent the feud from being personalised.

Mr Clinton said he would not rule out using force against Mr Saddam again in the future, including, if necessary, re-engaging US ground troops. "But," he said, "I want to see what he does in response to this mission."

Iraq said yesterday that its

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Siemens issues veiled 1993 profits warning

By Christopher Parkes in Munich

SIEMENS, the German electrical and electronics group, yesterday issued a veiled profits warning for the 1993 financial year as it revealed slowing earnings growth and a fall in new orders in the first quarter.

Mr Heinrich von Pierer, chief executive, said that while the full year's turnover is expected to rise 7 per cent to around DM84bn (\$52.80bn), "it will take major efforts to maintain the level of net income reached last year".

The group, which includes the successful KWU power plant subsidiary, and the stricken Siemens Nixdorf computer company, increased net earnings by 9 per cent to DM1.96bn last year on sales of DM78.5bn.

It has been hit by the accelerating slowdown first noticed by German industry last autumn. Group orders in the first quarter of the current financial year fell 8 per cent, comprising drops in domestic and foreign demand of 4 per cent and 10 per cent respectively. Sales rose only 4 per cent and net profits were up 2 per cent at DM406m.

Mr von Pierer attributed the fall in incoming business to the "postponement", until later in the year, of public telecommunications and power generation orders worth DM1.6bn.

Despite the slowdown – reflected in zero growth in world electrical markets last year – and recent warnings that the German economy was on the brink of catastrophe, "prophecies of doom are unwarranted", he added.

However, he expected flatter growth in new orders this year and further cuts in the workforce. Some 3,000 of the 413,000 employed worldwide at the end of the last financial year had gone and the total workforce would be reduced to less than 400,000 by the end of September.

At Siemens Nixdorf most of the 6,000 job cuts planned for 1994 will now come in the current year. Siemens Nixdorf expects "weak growth and further price erosion", says Mr Hermann Franz, the board member responsible for computers. He said restructuring would continue and high extraordinary expenditure would be necessary.

Computers and semiconductors, which together lost more than DM1bn last year, remained core businesses within Siemens, Mr Franz said.

Mr Karl-Hermann Baumann, finance director, said the group's US business had benefited only in part from renewed optimism in the US economy. Energy and automation interests had won more orders, but it was too soon to say if the trend was sustainable. Telecommunications markets had not yet improved.

Osram, Siemens' lamp producing unit, has signed an agreement to buy Sylvania of the US for an undisclosed sum. The merger has been approved by US anti-trust authorities.

US retail sales rise 1.2% to confirm surge in spending

By Michael Prowse in Washington

US RETAIL sales rose 1.2 per cent between November and December, confirming reports of a surge in consumer spending at the end of last year.

According to the Commerce Department, retail sales rose 5.1 per cent during 1992, making last year the best for retailers since 1989. The figures are not adjusted for inflation.

The spurt at the end of year, however, masked significant differences in the fortunes of particular sectors. Car sales rose 3.2 per cent last month but general department store sales fell 0.7 per cent relative to November. Excluding car dealerships, retail sales rose by only 0.6 per cent.

In a separate report the Labour Department said producer prices rose 0.2 per cent last month and by only 1.9 per cent in 1992 as a whole – the lowest rate of wholesale inflation since 1983.

Weekly figures for state unemployment claims jumped 52,000 to 343,000 to register their largest increase in five months.

However, the weekly claims numbers are volatile and the new total is still consistent with sluggish improvement in labour markets.

Economists at C.J. Lawrence, the New York broker, said yesterday's sales figures were consistent with a real increase in consumer spending at an annual rate of about 4.5 per cent in the fourth quarter, larger than the 3.7 per cent increase in the third quarter.

Most analysts, however, forecast a slower pace of consumer spending in the first half of this year. Spending last year ran well ahead of both income and employment growth, resulting in a fall in the already low personal savings rate.

President-elect Bill Clinton's advisers have refused to rule out a short-run economic stimulus in part because of worries about the endurance of a consumption-led upturn.

Testing times for Clinton, Page 4

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Kohl close to deal on 'solidarity pact'

By Quentin Peel in Bonn

MEMBERS of Germany's ruling coalition claimed yesterday to have made "huge progress" in finalising proposals for the planned "solidarity pact" between the government, opposition, employers and trade unions, intended to finance the soaring cost of unification.

Final plans will be presented to the parliamentary parties in the coalition next Tuesday, but they then have to be agreed with trade unions and the Social Democratic Party (SPD) opposition, which remain decidedly sceptical.

The government parties, including Mr Helmut Kohl's Christian Democratic Union (CDU), its sister party the Christian Social Union (CSU), and the minority Free Democrats (FDP), remain determined to cut back in some areas of social spending. These cuts are fiercely opposed by the SPD.

They have also agreed on other savings measures, including a ceiling of 3 per cent on public sector pay – and 2 per cent for civil servants – according to today's issue of Handelsblatt, the German business daily.

Other measures include taxation of life insurance policies, and to raise taxation on insurances from 10 to 12 per cent. Overall, they are looking to cut back public expenditure in the west by some DM12bn (£4.9bn).

Firm evidence of a reduction in the state deficit, as well as restraint from the trade unions, is demanded by the Bundesbank as a precondition for any early relaxation in its high interest rate policy.

The most tangible sign of progress in recent days, as the pace of negotiations for the pact has stepped up dramatically, has been the agreement of the German banking sector to increase loans to east German enterprises by DM1bn (£400m), on top of a similar commitment from the insurance industry.

The banks' agreement was made on Monday, in talks with Mr Horst Köhler, the state secretary for finance. However, it now has to be worked out in detail with the Treuhand privatisation agency in eastern Germany.

The money is intended to provide credit for Treuhand enterprises which have not yet been privatised, but which are considered "capable of being restructured".

An agreement on saving such eastern "core" enterprises is likely to be a key part of the solidarity pact, in exchange for which the trade unions are supposed to promise real restraint in their wage demands.

At the same time, the central government and the 11 western Länder are supposed to agree on drastic savings in their budgets, in order to provide adequate finance for the bankrupt eastern Länder.

An inconclusive round of talks was held by Mr Theo Waigel, the finance minister, with a committee of finance ministers from the Länder last weekend, and further talks are expected on Sunday.

DISASTER FERRY HAD CAPSIZED TWICE BEFORE

THE POLISH ferry which capsized in a fierce storm off Germany's Baltic coast yesterday – with the loss of 51 of the 60 people on board – had capsized on two previous occasions, Reuter reports from Stralsund, Germany.

The Jan Heweliusz, built in 1977 and run by the privatised Polish company, Euroafrica, was sailing from Ystad in Sweden to the Polish port of Swinoujscie when in it turned over in heavy seas and winds of up to 100 mph.

German police said bodies were still being recovered and there were nine survivors among the 28 crew and 32 passengers, who were mainly truck drivers.

Poland has set up a committee of inquiry. Officials suggested that the storm may have caused one or more of 10 railway wagons on board to break free from couplings.

The Jan Heweliusz had capsized on two previous occasions, in August 1982, while loading at Ystad, and four years earlier, because of a fault in valves regulating the ballast tanks. The ferry was the same type as the Herald of Free Enterprise which capsized off Zeebrugge in March 1987, with the loss of 189 lives.

Stricken ferry: The Jan Heweliusz, which sank yesterday, lying capsized in the Swedish port of Ystad in August, 1982

Russia plans rapid privatisation

By Leyla Boulton in Moscow

HUNDREDS of Russian companies are to be sold at breakneck speed in a political gamble to make privatisation irreversible by April, when the country faces a referendum over its future constitution and fresh parliamentary elections.

Fourteen of Russia's 49 regions are to be included in a campaign to sell around 500 big and medium-sized enterprises, Russian authorities and their western advisers said yesterday. Other regions will proceed at their own pace in contributing to the goal of selling 6,500 enterprises this year.

Russia is taking a different approach from eastern Europe, where privatisation was slow, mainly because enterprises were restructured before sale and large-scale privatisation was under centralised control. Russian reformers argue they have neither the time nor money to proceed the same way.

"Rather than looking for good companies to sell, our objective is to sell all companies," said Mr Anthony Doran, an executive from the International Finance Corporation, the World Bank's investment arm advising five of the regions. Accountancy firm Price Waterhouse is to help with privatisation in another five.

Up to 51 per cent of shares will be sold to the workforce and remaining stakes will be offered for cash and privatisation vouchers to be distributed to every Russian citizen by the end of this month. There are no restrictions on foreigners taking part even though few are expected to do so yet.

The pilot project is to kick off in the Volgograd region, better known by its wartime name of Stalingrad, where 200 companies up for sale will include the tractor plant which switched to tank production during the second world war.

Enterprises are being cleared for auction by regional authorities after passing basic "survivability tests" which amount to a snapshot of their condition over a relatively short period.

● The second fire in less than two days broke out yesterday at the Chernobyl power plant, site of the world's worst nuclear accident, writes Chrystia Freeland in Kiev.

The fire was in a ventilation corridor on top of the sarcophagus which covers the melted-down reactor core left by the 1986 accident. The location is considered the most radioactive site at the power plant.

Chernobyl officials said no radiation was released, but admitted it could have been, had not the fire been put out quickly. The first and third blocks of the power plant remain in operation.

"Although no radiation was released this is a serious moral blow," said Mr Anatoli Demianenko, deputy head of the Ukrainian Atomic Energy Safety Commission. "A fire the day before yesterday, then a fire today – together, these are morally troubling events." He said a recent inspection at Chernobyl had uncovered serious safety violations in the construction and maintenance of the sarcophagus.

Central bankers believe ERM dangers receding

By Peter Norman, Economics Editor

THE central banks of countries still in the European exchange rate mechanism are confident that the four-month crisis in the European Monetary System is past its peak.

An upbeat appraisal of the ERM's prospects at a meeting of EC central bank governors in Basle this week was reflected in comments at Wednesday's meeting in Frankfurt of the privately organised G7 Council.

Mr Hans Tietmeyer, the Bundesbank vice president, said there was no longer any reason for a realignment of parities in the European exchange rate mechanism following the adjustments of recent months.

Mr Wim Duisenberg, governor of the Netherlands central bank, went further: "What crisis?", he asked. The problem with the ERM was that "we had forgotten how to realign". The upheavals that had shaken the system since September simply added up to "one realignment that lasted four months".

The bullish tone was tempered by doubts among officials from non-EC nations and countries that had been forced to quit the system and scepticism among some of the bankers and financiers attending the Frankfurt G7 Council meeting. Currency markets also remain concerned about the ability of the Irish punt and Danish krone to maintain their current parities.

Mr Lamberto Dini, the director general of the Bank of Italy, urged a co-ordinated reduction in European interest rates as soon as possible to promote economic convergence among EC countries. One UK official expressed concern that tensions could reappear nearer to the French national assembly elections in March.

Such doubts would be greatly reduced if Germany's high short term interest rates were to ease soon. On Tuesday night, Mr Michel Sapin, the French finance minister, predicted "a significant and durable drop of interest rates in Europe" this year.

This bold forecast gained some support from the Bundesbank. Although Mr Helmut Schlesinger, the Bundesbank president, and Mr Tietmeyer insisted that the German central bank would not relax its drive for low inflation, they made clear that the bank was prepared to allow some flexibility in operating its policy.

However, lower interest rates ultimately depend on the German government finalising negotiations on a "solidarity pact" that will control Germany's public sector deficits and rising labour costs growth.

Austrian banks ban Prague's old crowns

By Patrick Blum in Prague

AUSTRIAN BANKS have stopped exchanging Czechoslovak crowns following an unprecedented rush by Slovaks to change their savings into Austrian schillings and other hard currencies.

Fears that their currency may be devalued once the common Czechoslovak crown is split into separate Czech and Slovak crowns later this year, appear to have encouraged many Slovaks to make the short journey to Vienna to change as much money as possible. Uncertainty about the future about the two countries' currencies has also fuelled foreign bankers' fears that they could be left with worthless banknotes.

The old Czechoslovak crown is expected to be replaced with separate Czech and Slovak crowns by June, though currency dealers say the split could come much sooner. The Czech and Slovak central banks have both begun to stamp existing banknotes with their own emblem to prepare for the split, causing a rush to banks by anxious savers eager to deposit and safeguard their cash.

Some bankers believe that the stamping of banknotes will inevitably lead to separate exchange rates even before the common currency is formally abolished.

"We don't know what will happen, and we have to be cautious. Once the currencies are stamped, the unstamped notes could become invalid; then we could be left sitting on a worthless mountain of paper," said a senior Austrian banker.

Meanwhile, strong demand for foreign currency from Czech commercial banks has already drained more than one third of the Czech central bank's foreign currency reserves since the start of the year.

The central bank is obliged to sell foreign currency to the banks if they require it to cover liabilities.

Since January 1, the central bank has sold almost $300m from its estimated $700m foreign currency reserves.

Mr Martin Svehla, the Czech central bank spokesman, cautioned against over-dramatising the situation. He said it was "normal" for the time of the month and year when companies make large payments.

French cohabitation unlikely to follow path of true love

The right is heading for a crushing election victory, but President Mitterrand has plenty of tricks in store, writes **William Dawkins**

ASSEMBLÉE NATIONALE

Elections '93

FRANCE is soon to become embroiled in a constitutional chess game between the wily but ageing President François Mitterrand and a powerful but fragmented right-wing.

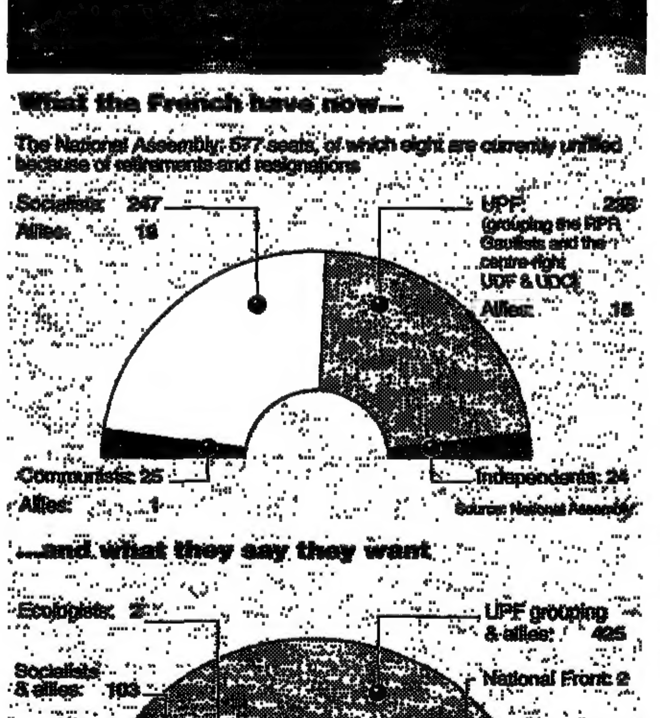
The next move will be the March parliamentary election, where the Socialists face crushing defeat by a coalition of RPR Gaullists and the centre-right UDF, who, if recent polls are right, will take at least 400 seats in the 577-seat national assembly.

This will usher in a second period of "cohabitation" between a left-wing president and right-wing government. The right is likely to have a far larger majority this time than in the first, in 1986-88, and Mr Mitterrand is much less popular now than then. It is seen as the beginning of the end for Mr Mitterrand, 76, whose term runs out in two years.

But as usual, he has a few tricks up his sleeve. Mr Mitterrand has distanced himself from daily politics and even from his own party, to concentrate on what looks at first like a somewhat academic plan to reform the constitution.

Yet it is far from that. Mr Mitterrand has taken the high ground in a running public debate, led by the right which campaigns against Mr Mitterrand's "monarchical drift", on whether France wants to move from a presidential system to a more parliamentary style of democracy.

In this way he has chosen, following Napoleon's first rule of engagement, his own battlefield for the election campaign which is now getting under way and for the early days of the next national assembly.



The main drift of the reform plan, launched by Mr Mitterrand last month, is to strengthen one of Europe's weakest parliaments at the expense of the prime minister and government, but not of the president.

He has suggested, for example, curbs on the government's freedom to override parliament. The government has in the past four years resorted 19 times to a guillotine motion under the constitution's Article 49-3 to pass legislation without a vote, a technique which has contributed to the Socialist party's unpopularity. A shortening of the seven-year presidential term is also up for discussion, though Mr Mitterrand says this would apply to future presidents, not him.

A consultative committee of lawyers and academics invited by the government and boycotted by the right, is due to report to the president on constitutional reform by February 15. He will then table his plan, one of the first pieces of legislation to be discussed by the new parliament at its first sitting starting on April 2, less than a week after the election.

The opposition suspects this is another Mitterrand trap to unsettle the new government. Others believe it is no more than a struggle for personal power. Mr Mitterrand's approach to the first cohabitation government – to preserve essential policies and prepare for the next presidential election – has given way to "a strategy of personal convenience," writes Jean-Marie Colombani, Le Monde's political editor.

In practice, the end of the succession of Socialist governments going back to 1981 will mean little change to daily life.

For one thing, the leadership of the right holds almost the same policies as the Socialists on most of the big issues of the day, including the need to defend the franc, on foreign policy, privatisation and on employment.

The election would be lost on the Socialists' battered image and personalities, rather than on ideas. Differences within the right on some issues, like the strong franc, are far greater than between the leaderships of the right and of the Socialists.

Furthermore, the right's expected majority would be so large that it would be under no obvious pressure to change, barring a serious revolution within the ranks.

Much of what happens next in Mr Mitterrand's constitutional power struggle will depend on the skill of the next prime minister in weaving his way round the right's internal splits and the president's tactics. Here Mr Mitterrand holds an important advantage, for only he has the right to choose the prime minister, who then has to carry out an uncomfortable balancing act between running the government competently and not overshadowing the president. "He must not fail, otherwise he runs the risk of being sacked...still more he must not succeed, for to do so would be the ultimate impertinence," the satirical newspaper Canard Enchaîné once wrote.*

Mr Edouard Balladur, a former RPR finance minister, who masterminded policy in the last cohabitation government, is hotly tipped for the job. Mr Jacques Chirac, the RPR leader and former prime minister, does not want to stand again because he has presidential ambitions. Mr Balladur has kept aloof enough from the fray to be able to work with Mr Mitterrand. In the end, the leader of the next right government depends on Mr Mitterrand's private instincts – and they will remain private until he alone decides the time is right.

**The Government and Politics of France* by Vincent Wright. 3rd ed. Unwin Hyman. London, 1989.

EC agrees terms for $10bn loan to Italy

By Andrew Hill in Brussels

THE EC's monetary committee last night approved the terms for an Ecu8bn ($9.84bn) balance of payments loan to Italy.

Mr Henning Christophersen, EC commissioner for economic and financial affairs, is expected to produce a formal proposal for the loan today. EC finance ministers will debate the proposal at their first meeting of the year on Monday.

Following yesterday's meeting of the monetary committee, which is made up of senior EC central bank and treasury officials, ministers are expected to insist on strict budgetary requirements as a condition for approval, but details were not made available.

Mr Lamberto Dini, director general of the Bank of Italy, said as he arrived for yesterday's meeting that there were no specific problems with the loan. But European Commission officials said yesterday they thought the issue "merited a good discussion".

The loan will be in four tranches, two to be paid this year. The last two will be paid in 1994 and 1995, but only after the budget for those years has been scrutinised. The EC would raise the money from the capital markets, using its own guarantees.

Italy asked for the loan last October, partly in an attempt to offset the loss of reserves used in supporting the lira during the September currency crisis. Along with sterling, the lira left the exchange rate mechanism (ERM) of the European monetary system following a meeting of the monetary committee on September 17.

Rome now wants to return to the ERM if it can get international financial backing and enter at a rate which will not simply encourage speculators to force the lira out again.

The committee also discussed the principles of so-called multilateral surveillance under which the Commission keeps an eye on the economic performance of member states in the hope of being able to catch adverse trends before they turn into full-blown crises.

Irish government begins key phase of battle for punt

By Tim Coone in Dublin and James Blitz in London

THE Irish government's four-month battle to defend the punt within the European exchange rate mechanism enters a critical phase this weekend, as renewed selling of the currency yesterday frustrated efforts by the central bank to bring wholesale money market rates down sharply.

Last weekend, the central bank raised its overnight lending rate to 100 per cent in response to heavy selling of the punt, which drove it below its ERM floor against the Dutch guilder and Belgian franc.

In the past three days, the bank has progressively reduced its money market rates in an attempt to avert a threatened rise in commercial base rates which would further hurt the Irish economy.

But this week's attempt to cut money market rates has already put pressure on the Irish currency, which was again trading near to its ERM floor.

The government reaffirmed yesterday that it will not devalue or realign the punt and added that it is "concerned that the European authorities have so far been unable to re-establish the previous stability after so many months and to convince the market of their determination to resist further re-alignments or devaluations".

The central bank announced yesterday that it was again dropping its overnight lending rate back to 15 per cent, having dropped it to 30 per cent by Wednesday. This permitted the one-month rate to fall from 60 per cent at the beginning of the week, to around 25 per cent yesterday.

Renewed selling pressure yesterday drove the one-month rate back up to around 35 per cent.

The first cabinet meeting yesterday of the new coalition government discussed outline proposals for the introduction of an exchange rate guarantee scheme to enable companies to borrow funds more cheaply abroad.

Mr Bertie Ahern, the finance minister, is to hold a crucial meeting today with the heads of the main building societies to consider means of keeping down mortgage rates, or alternatively to cushion mortgage holders from the impact of a likely 3 percentage-point rise in mortgage rates early next week.

Details of the schemes are expected to be finalised over the weekend and released early next week.

Earlier this week, Mr Tom Jago, the president of the Irish Business and Employers' Confederation, warned of "the urgent imperative" of restoring a stable exchange rate. He said that companies needed to be directly assisted.

The Bank of Ireland yesterday announced that it is encouraging its business customers with foreign currency receivables to borrow in foreign currencies to reduce their funding costs.

It now seems likely that the government's game plan is to back such moves by offering exchange rate guarantees to foreign currency borrowers and to match this with assistance to mortgage holders.

Market analysts said that such a scheme might buy some time for the punt, but that the critical issues remain whether the Bundesbank will make significant reductions in German interest rates in the coming weeks, or alternatively whether a determined effort is made by the stronger EC central banks to support the punt, as has been done with the French franc.

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Algerians to vote on new constitution

By Francis Ghilès

ALGERIA'S acting head of state, Mr Ali Kafi, yesterday promised a referendum on the future of North Africa's largest country whose security forces have, for the past 12 months, been mired in ever bloodier confrontation with radical Islamic groups.

The referendum would submit to the Algerian people a draft new constitution and seek their endorsement for a transitional arrangement before a new constitution was enacted.

Mr Kafi promised that political parties would be invited to give their views on future strategy but added that "all those who practised or supported violence" would be excluded.

This was a clear reference to those Algerians who support the Islamic Salvation Front which was banned last February after Algerian leaders cancelled the second round of elections the party was poised to win.

Other smaller Islamic parties such as Ennahda would, however, be asked to join in such talks.

Mr Kafi is a founding member of the five-man High State Council (HCE) which has acted as the country's collective presidency since the former head of state, Mr Chadli Bendjedid, resigned a year ago.

He has chaired the HCE since the slaying of Mr Mohamed Boudiaf, who returned last January from 28 years' exile in Morocco to become acting president.

Mr Kafi did not suggest any precise date on which the referendum might be held, but most observers assume it is likely to take place later this year.

The High State Council members have proclaimed on more than one occasion that they did not wish to hold office beyond December 1993, when Mr Chadli's third term of office was due to end, nor would any of them stand in any future presidential election.

Meanwhile, the visit by Mr Roland Dumas, the French foreign minister, to Algiers last weekend, and Defence Minister Khaled Nezzar's present visit to Saudi Arabia, have helped to break the semi-quarantine the country's leaders have been held in since last January's events.

Mr Dumas promised that France would "express its friendship by other means than mere words".

This can be taken as a strong pointer that his government will extend a helping financial hand to a country whose foreign debt service ratio of 73 per cent leaves it scant room to import the raw materials necessary to increase industrial output.

US businesses plan a return to Vietnam

The war is nearly over and the trade embargo may soon be dropped, **Our New York Staff** report

AMERICAN companies are beginning to weigh up business prospects in Vietnam following a White House move last month which paves the way for eventual removal of the long-standing US embargo on the Communist nation.

In one of the clearest signs of growing US business interest, a group of executives from some two dozen US companies will visit the country early next month under the auspices of the new Vietnam-American Chamber of Commerce.

It will be the first US business mission to be formally received by the Hanoi government, according to the chamber's president, Mr Irwin Robinson, a New York lawyer. The aim, he says, "will be to maximise knowledge of opportunities for US companies."

The US has enforced its trade ban since the Vietnam war but over the past year the White House has allowed a few exceptions. For example, a ban on telecommunications links was lifted in April 1992.

The biggest move yet came on December 14 when President George Bush signed an order permitting US companies to sign contracts with Vietnamese parties and open offices there. However, contracts can only be executed if relations are normalised.

There has been speculation that Mr Bush could do this before he leaves office on January 20, if Hanoi meets the White House's demands for the fullest possible accounting for missing American servicemen and prisoners of war, including repatriation of their remains.

However, there remains very little time for Vietnam to make these concessions, while Mr Bush may be reluctant to stir up the right-wing outcry such a move would provoke.

The new Clinton administration, for its part, is likely to have much more pressing concerns, and President-elect Bill Clinton may be wary of normalising relations rapidly, given the election campaign controversy over his Vietnam draft record.

Whenever the ban is lifted, it is bound to provoke a sharp increase in US business interest, not least because this will also trigger a wave of aid to the country from institutions such as the World Bank, creating opportunities for capital equipment and construction contracts.

However, Mr Nicholas Ludlow, managing director of Development Bank Associates, a Washington-based consultancy, says the economy is so under-developed that it has limited capacity to absorb new trade and investment.

"I think there will be a wave of excitement, then tempered by a more realistic view of the prospects," he says. "Companies will do best which realise Vietnam is a long-term prospect."

President Clinton may be wary of normalising relations rapidly, given the election campaign controversy over his Vietnam draft record

Guocang Huan, of the emerging markets group at J.P. Morgan, the New York bank, says the country's extremely low wage costs, currently about a tenth of Taiwan's and Korea's, could make it attractive for investment by labour-intensive US companies. He argues that industries such as electronics and textiles are most likely to prosper in Vietnam, together with tourism.

However, companies from across the US business spectrum are starting to focus on the country. The 21 members of the Vietnam-American Chamber of Commerce include Federal Express, the package delivery company, Honeywell, the controls group, KPMG Peat Marwick, the accountants, and ITT.

Sectors likely to be particularly interested in Vietnam include:

● Airlines. A number of US carriers may be interested in serving the market – particularly those such as United and Northwest Airlines, which have a strong presence in the Far East already.

Procedurally, the first step would be for the Department of Transportation to negotiate a bilateral aviation agreement, setting permitted levels of service and agreeing the number of providers, with the Vietnamese. The aviation authorities would then seek applications to serve the route.

Minneapolis-based Northwest makes no secret of its enthusiasm. "We've been interested in serving Vietnam for several years. We see it as a growing and promising market," it says.

● Banks. A number are interested in returning to Vietnam, including Bank of America, Chase Manhattan and Citibank, each of which had branches in Saigon before the Americans were driven out of South Vietnam in 1975.

The Bank of America says: "We have definitely expressed our interest in a return to Vietnam." The bank said that as a preliminary step last summer it had opened an Indochina representative office in Hong Kong, whose operations would be moved to Vietnam if the US embargo were lifted.

One matter that will need to be sorted out before banks return is the the issue of unresolved claims by depositors dating back to Communist takeover of South Vietnam.

● Oil. US companies are keen to explore the South China Sea, with three companies – Amoco, Chevron and Mobil – giving the most active consideration to a business plan.

Chevron said it had held discussions with the Vietnamese "on and off with regard to possible opportunities for exploring and producing offshore in the South China Sea, but we don't have any contracts."

Chevron said it had examined geological data and was "interested in the possibilities."

Mobil was more direct: "Should the embargo end we would be most interested to be there. In the meantime we will explore some potential opportunities by talking to potential partners."

● Telecommunications. American Telephone & Telegraph and MCI Communications, the two largest long-distance US carriers, have begun to provide long-distance services to Vietnam following the relaxation of the ban last April. MCI says it is sending a team to Vietnam in the first quarter to discuss additional services, such as allowing customers to call the US collect. But it says it has no interest in the domestic Vietnamese market.

● Consumer products. Atlanta-based Coca-Cola says it "would certainly look at Vietnam" if trade relations normalise – in line with a general policy of examining all potential new markets.

Contributors: Martin Dickson, Alan Friedman, Patrick Harverson and Nikki Tait.

Cabin crew strike hits Cathay Pacific

CATHAY PACIFIC, Hong Kong's international airline, was last night facing its worst industrial action since 1985 after cabin crews went on strike, claiming the airline had inadequate staffing levels, writes Simon Holberton in Hong Kong.

Half of Cathay's 28 outbound flights and 13 of its 31 inbound flights were cancelled. The company was unable to determine how many of the 4,000 cabin attendants were on strike.

***Industrial action is virtually unknown in Hong Kong.* Cathay's last serious dispute was in 1985, when ground staff went on strike.**

The dispute centres on Cathay's requirement that its cabin attendants accept working "out of position". This has meant that senior cabin attendants have had to operate in junior positions in the event of a staff shortage due to sickness. A Flight Attendants Union official said yesterday Cathay employed 300 fewer cabin attendants than it should, but the company denied this. *"There is no shortage of cabin attendants, our staff grows in line with the growth in our fleet,"* it said.

Hong Kong's Labour Department offered to mediate in the dispute, which has been brewing over the past three months.

A HUGE new mural adorns Iraq's baby milk factory, which became one of its most potent symbols from the Gulf war. The factory, which went into production this week, was flattened by the Western allies, who claimed it was a secret chemical weapons plant. However, its reopening will provide little more than a symbolic dent in Iraq's need for baby milk. The issue of what use the factory was put to before the war has never been fully resolved. Iraq has consistently denied it mixed or stored chemicals there.

US, Japan clash as vote on top WHO job looms

By Frances Williams in Geneva

NEXT Wednesday the 31 executive board members of the World Health Organisation are due to cast their votes for director-general of the United Nations agency, bringing to a head a long and unusually bitter election campaign that has set the US and Japan at loggerheads.

An internal US State Department paper has accused Japan of "aggressive tactics, including the pursuit of votes in exchange for favours" in the quest for support for the incumbent Japanese director-general, Dr Hiroshi Nakajima.

Japan, which strongly denies the charge, claims the US government is waging a disinformation campaign against it and Dr Nakajima, based on little more than the personal animosities of a few key officials at the US health department.

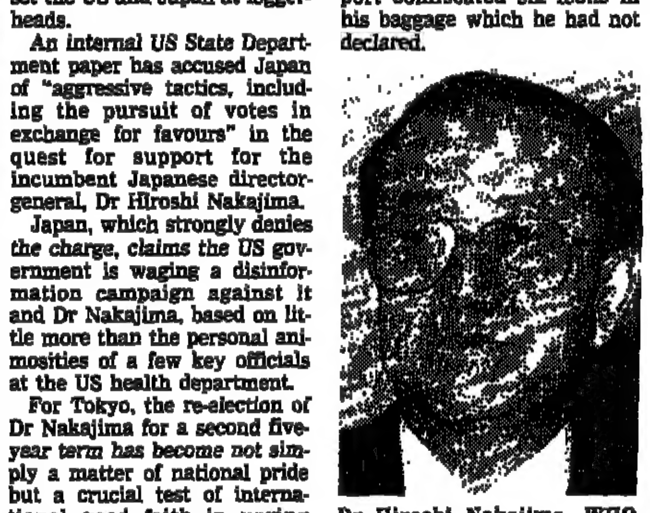
For Tokyo, the re-election of Dr Nakajima for a second five-year term has become not simply a matter of national pride but a crucial test of international good faith in urging Japan to take a greater role in world affairs.

"In the eyes of the Japanese people, Dr Nakajima is a symbol of Japan's contribution to the international community," says Mr Masao Kawai, a senior official in the Japanese Foreign Ministry. The WHO chief is the only Japanese to have been elected (rather than appointed) to a top UN position.

The US is backing the candidacy of Dr Mohamed Abdelmoumène, an Algerian neurologist, who was Dr Nakajima's deputy at the WHO until sacked from his post last August after announcing he would run against his boss. Dr Abdelmoumène, who says he was asked to stand for director-general by a number of rich and poor countries, has the official backing of the European Community and the Arab League, but Dr Nakajima claims strong support from developing countries who are in the majority on the executive board.

The US pays about a quarter of the WHO's $850m (£552m) annual budget. Japan, which has rapidly increased contributions since Dr Nakajima took over as director-general, to become WHO's second-biggest paymaster, last year paid about $57m. Both governments deny that contributions will be cut if the wrong man wins.

Dr Nakajima's faults, on the face of it, do not seem very grave. He is accused of an authoritarian management style, of travelling too much and of being a poor communicator. Furthermore, he was involved in an embarassing incident last year after an official visit to Russia when customs officials at a Moscow airport confiscated six icons in his baggage which he had not declared.



Dr Hiroshi Nakajima, WHO chief: opposed by US

Dr Nakajima's supporters argue that he has improved the running of the organisation since taking over in 1988 from Dr Halfdan Mahler, a Dane, and that he has initiated valuable work to achieve "basic health" in developing countries.

However, it is clear that Dr Nakajima has not won the hearts and minds of WHO staff, who complain of a lack of vision and leadership. There has been a steady exodus of senior officials, including the sudden resignation in March 1990 of Dr Jonathan Mann, a high-profile American who headed WHO's programme on Aids.

US officials say their opposition to Dr Nakajima is based solely on concern for the ability of WHO effectively to tackle big health challenges.

Within the WHO itself, executive board members are allegedly being wooed with top-level visits, promises of aid and top jobs – practices, it must be said, which are widespread throughout the UN system, often backed by national governments.

US officials too are alleged to have hinted that American backing for WHO activities could wane if Dr Nakajima is re-elected.

Japan wants more co-operation in Asia

By Kieran Cooke in Kuala Lumpur

MR Kiichi Miyazawa, Japanese prime minister, said yesterday Japan wanted to promote co-operation and resilience in Asia and denied any plans to make Japan a regional military power.

Mr Miyazawa, in Malaysia as part of a South-East Asia tour, said the continued presence of US forces in the region was vital and Japan was providing increasing support to the US military. "We do not want to see a power vacuum in the region," a Japanese official said.

In talks with Dr Mahathir Mohamad, Malaysian prime minister, Mr Miyazawa outlined Japan's new "Look East" policy, which suggests a greater regional role for Japan in the years ahead.

But While Mr Miyazawa said Japan wanted to create greater economic and political co-operation in the region, he declined to endorse Dr Mahathir's proposal for an east Asia economic caucus, a trading group linking the fast-expanding economies of east Asia.

Malaysia feels this would be vital to counter what it sees as increasing protectionism in the European Community and Nafta.

Karachi awaits next move by army

By Farhan Bokhari in Karachi

BUSINESSES in Karachi, Pakistan's commercial heart, have relaxed their guard since the army was sent last May to restore order in the southern province of Sindh, of which it is the capital.

The army says over a hundred gangs involved in robberies, kidnappings, car thefts and drug peddling have been smashed in Karachi, and no kidnappings for ransom have taken place in the last two months. Before the troops arrived, kidnappings of businessmen were frequent.

Signs of improved law and order are visible on the streets. Many shops are open later, and businessmen previously afraid of being kidnapped or robbed are more relaxed when travelling. "The situation has improved since the army has come in. We feel much more secure than before," says Mr Ali Mashhadi, a carpet dealer.

However, security is due to be reviewed this month. The government could order the troops back to barracks if the situation was judged to have improved sufficiently.

There are signs of differences between civilian and military leaders over the future of the operation.

The provincial government of Mr Muzaffar Hussain Shah, which is backed by the ruling alliance of Mr Nawaz Sharif, prime minister, wants the army to stay until there is complete assurance that gangs of criminals will not resurface, a senior official says.

Generals are concerned, however, that improvement in law and order needs to be backed by socio-economic measures to curb poverty, rising unemployment and drug addiction. Only with such action, they argue, will long-term improvement in the security situation be assured. "The malaise is political, economic and social. This is not a military problem," says one general.

Unemployed young people in Karachi's growing slums are prime targets for recruitment to crime gangs.

The chairman of a large industrial company says: "Good municipal planning to cater for the needs of ordinary people is an absolute must for improving conditions in Karachi. Unfortunately, there is very little of that going on right now."

Some businessmen argue that to ensure long term socio-economic development, the government in Islamabad should introduce tax incentives to accelerate business growth in Karachi, stimulating employment.

Mr Tahir Khaliq of Karachi's chamber of commerce says new investments are badly needed and will only come if there are new concessions. He is concerned about the possibility of political troubles if the army pulls out. The army operation led to the discovery of torture cells and extortion rings in Karachi, allegedly run by the Mohajir Qaumi Movement, a party for Moslems who had migrated from India.

Businessmen are waiting anxiously for the government's decision. Mr Khaliq says: "If the government is confident that things have certainly improved and if they feel that the army can be called back, I just hope that they know what they are doing and they realise fully what could be the consequences."

UN struggles to avert Angola nightmare

Michael Holman on the waning prospects for a lasting end to the 16-year conflict

IT HAD the makings of a nightmare, the senior UN official said last May when contemplating the biggest obstacle in the path of Angola's transition from 16 years of civil war to multi-party democracy.

The demobilisation of the country's rival armies was going badly, he warned; weapons were cached, discipline was poor, and the timetable was slipping.

Less than a year later, his grim vision has become reality as Angola slides back into civil war, triggered by Unita leader Jonas Savimbi's rejection of the September election which gave victory to President Eduardo dos Santos and the ruling MPLA.

Over 1,500 people are reported to have died in the past two weeks and fighting continued yesterday in and around Huambo, the central highlands city currently held by Unita.

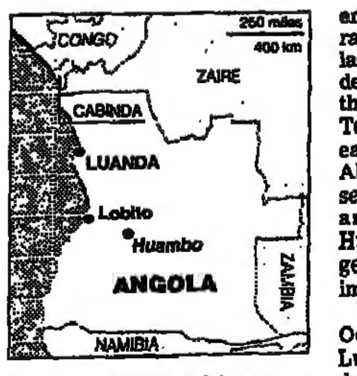
Last-ditch efforts to restore peace, in which Ms Margaret Anstee, the UN special representative based in Luanda, will play a key role, may yet bear fruit. Diplomats in the Angolan capital said Mr Venancio de Moura, the country's foreign minister, had on Tuesday at a meeting with Portuguese, Russian and US observers and Ms Anstee, formally proposed talks with Unita.

But western diplomats warn that forging a lasting settlement will be a frustrating process, undermined by old enmities, tribal rivalries, Mr Savimbi's overriding ambition, and the temptation of controlling proceeds from the country's 500,000 b/d oil sector.

Should peace efforts fail, an early military victory for either side seems unlikely, they say. Instead, there will be what a US diplomat yesterday called "a process of mutual enfeeblement until both forces go back to the negotiating table".

No one is sure how long that would take. A broad assessment by western analysts puts the MPLA in control of the main towns, while Unita can operate relatively freely in 75 per cent of the countryside.

Both sides have lost allies: the 50,000-strong Cuban contingent that fought alongside the MPLA has long since departed. Namibia's independence has deprived Unita of what amounted to a rear base in the formerly South African-controlled territory. Pretoria, which sent troops into Angola in support of Unita, seems unlikely again to come to the help of Mr Savimbi in any substantial way.



Zaire remains a valuable Unita ally, but its role as a conduit for US military and other assistance ended with the departure of the Cubans. Meanwhile Washington has increasingly distanced itself from Mr Savimbi, embarrassed by his human rights record, and sceptical of his claims of election rigging. The incoming Democrat administration will take an even tougher stand.

Unita has also been weakened by divisions within its ranks, which came to a head last year when senior officials deserted Mr Savimbi following the murder of a former aide. Tensions remain, illustrated earlier this week when Mr Abel Chivukuvuku, Unita's secretary for foreign affairs, and General Peregrino Huambu, its military intelligence chief, called for an immediate end to fighting.

Both men were captured in October during fighting in Luanda which saw Unita driven from the capital. But whether speaking under duress or not, their absence from the battlefield must be a blow to Mr Savimbi.

Whatever the outcome of mediation efforts, no one doubts that Angola's best chance for peace was squandered last year. Implementation of the peace plan was weak, the timetable proved unrealistic and resources for the exercise were too few.

Central to the success of the transition was the requirement that soldiers and guerrillas from rival armies report to 50 assembly points, to be monitored by UN forces, before being demobilised or entering an integrated national army. Both sides were suspected of caching weapons and those that were surrendered were not securely held.

As election day approached, only 1,500 soldiers had been sworn in to an integrated national army supposed to number 40,000. Tens of thousands of government and Unita soldiers were still in demobilisation camps, most of them with ready access to weapons. A further 40,000 men of the 150,000-strong combined forces had yet to be demobilised.

Western diplomats now acknowledge that they could have acted differently, insisting that elections could not proceed until both sides respected the terms of the peace pact signed in May 1991.

"As I listened to the speeches that evening and watched MPLA and Unita leaders mingling, I knew that we were celebrating the end of an era," wrote Mr Chester Crocker, predecessor to Mr Cohen, and the architect of the south-west African settlement.

It proved premature. This time round, scepticism, not optimism, is the mood of Angola's would-be peace makers.

Australian jobless rate declines

By Kevin Brown in Sydney

AUSTRALIA'S unemployment rate fell by 0.1 points to 11.3 per cent in December, the government said yesterday.

Mr Peter Baldwin, the junior employment minister, said the fall was consistent with continued growth in the economy, which is recovering from an 18-month recession.

However, economists said it was probably a technical correction following a large increase in the previous month. Unemployment is likely to rise over the next three months as school leavers enter the employment market.

The weak jobs market will contribute to growing pressure on the government to produce a fiscal stimulus before the next election, which must be held by June. Mr Paul Keating, the Labor prime minister, is believed to have been working on a series of policy proposals to be announced before the election is called.

The government is unlikely to stimulate the economy by easing monetary policy because of continued weakness of the Australian dollar.

Sri Lanka rebel leader urges talks

By Mervyn de Silva in Colombo

MR Velupillai Prabhakaran, leader of the separatist Tamil Tigers, has called for peace talks to end Sri Lanka's 10-year civil war, after meeting a church delegation in Jaffna, the island's northern capital, last week.

Mr Kenneth Fernando, the Anglican Archbishop of Colombo and leader of the delegation, said on his return to the capital yesterday that Mr Prabhakaran had called for an immediate ceasefire and the holding of peace talks.

In a rare public appearance Mr Prabhakaran, recently charged in an Indian court with masterminding the assassination of Mr Rajiv Gandhi, had set out conditions for negotiations with the government, he said.

The Tigers (Liberation Tigers of Tamil Eelam) wanted the "economic blockade" of the northern peninsula lifted. The government must also pledge the reconstruction of the northern province and the rehabilitation of about 100,000 Tamil refugees.

Peru to sign IMF letter of intent

By Sally Bowen in Lima

PERU, apparently abandoning plans to extract significant concessions from the International Monetary Fund, is expected to sign today in Washington an IMF letter of intent to frame economic policy until 1995.

This, and the subsequent formation of a "support group" of friendly governments to bridge debt repayments to the multilateral lending organisations, will mean that "the reinsertion of Peru into the international financial community is definitive," according to President Alberto Fujimori.

Mr Jorge Camet, the new economy minister, who succeeded Mr Carlos Boloña last week, is not expected to announce any significant concessions in the programme negotiated by his predecessor last year.

This is despite domestic demands for increased spending, and a personal plea in mid-December from Mr Fujimori to Mr Michel Camdessus, IMF managing director, that Peru should be allowed greater economic flexibility this year.

The realisation that the imminent US administration handover may not improve Peru's negotiating position seems to have lent urgency to the new team's willingness to sign.

Agreement with the IMF is a prerequisite for looming Peruvian negotiations with the Paris Club, and for rescheduling arrears with the World Bank and private banks.

It is hoped to resolve Peru's immediate but complex arrears position by paying off $970m owing to the World Bank through a one-day bridging loan from Citibank. Peru would then use $1bn in fresh funds from the World Bank to repay Citibank.

Signature of the letter of intent will also allow the IMF's extended fund facility to come into operation. Short-term finance from friendly governments will permit the clearing of $800m in IMF arrears.

CBS Television buys some expensive chat

By Alan Friedman in New York

DAVID LETTERMAN, a 45-year-old comedian and chat show host from Indianapolis, was last night set to be poached from NBC by CBS Television for a salary of about $14m a year, making him the world's best-paid chat show host. For CBS, the network controlled by Mr Larry Tisch, the billionaire investor, hiring Mr Letterman would be a potentially profitable coup.

Both networks were scrambling yesterday to arrange press conferences, with NBC, a subsidiary of General Electric, planning to announce in Los Angeles that it had decided not to match the CBS offer.

Mr Letterman, an articulate showman who hosts an offbeat chat show starting at 12.30am, has been unhappy since he lost the chance last spring to take over the Tonight Show when Johnny Carson retired.

Instead of Mr Letterman, NBC named Jay Leno, a square-jawed comedian who has been panned by many critics, to host the Tonight Show, which is broadcast for an hour from 11.30 in the evening. That put Mr Leno up against ABC's Nightline with Ted Koppel, the influential current affairs programme. CBS was only able to offer mysteries and movies in this important time slot.

By moving from NBC to CBS Mr Letterman would not only fulfil his ambitions by launching a programme competing directly with the Tonight Show, but he would also double his salary. His negotiations have been handled by Mr Michael Ovitz, the head of Creative Artists Agency, the most powerful talent agency in the US.

NBC's management has been criticised for a sharp decline in audience ratings over the past two years. General Electric is believed to be interested in selling the network provided it can obtain the right price.

Testing times for the Clinton team

Jurek Martin reports on the perils of being offered a job by a president-elect

IT IS one thing to be chosen to serve as a senior member of a US administration. It can be another successfully to run the gauntlet of official and media scrutiny and be confirmed, unscathed and with reputation intact, in the job.

This has been very much the experience of President-elect Bill Clinton's nominees. It is still unlikely that any will either be rejected by the Senate – the fate of Mr John Tower, President George Bush's defence secretary-designate – or have to withdraw from consideration – as happened to Mr Ernest Lefever, a controversial Reagan choice in 1981 for a senior State Department position.

But such is the intensity of interest in the life and careers of those chosen that few emerge unbruised. Probably even more know that they were not selected because of something in their backgrounds that rendered them too suspect. Those conspicuously affected by publicly disclosed problems include:

● Ron Brown, commerce secretary-to-be: on Wednesday a planned gala in his honour was cancelled because its cost was being underwritten by those corporations he might find himself dealing with in the cabinet. Though the event was planned before he was nominated and to recognise his achievements as Democratic party national chairman, it looked too cosy for comfort and Mr Clinton urged him to call it off.

● Zoe Baird, the choice for attorney general: the New York Times reported yesterday, on the basis of information supplied to Mr Clinton's staff and to the FBI by Ms Baird herself, that she had employed a Peruvian couple as housekeepers knowing them to be illegal aliens. The practice may be commonplace, especially in Washington, but is potentially embarrassing for anybody picked to be the country's chief law enforcement officer.

> Such is the interest in the lives of those chosen that few are unbruised by the process of scrutiny

● Warren Christopher, nominee for secretary of state, has had to address the issue of what he knew 25 years ago as deputy attorney general about US army covert surveillance of civil rights and anti-war activists. This investigation, not in the least threatening to his confirmation, is the handiwork of Senator Jesse Helms, the Republican Senator from North Carolina and self-appointed scourge of anybody associated with President Jimmy Carter's foreign policy.

● Robert Reich and Laura Tyson, prospective labour secretary and head of the Council of Economic Advisers, have been on the receiving end of much professional jealousy from classical economists.

● Mickey Kantor, chosen to be trade representative, a field in which he has no track record, has similarly been denigrated by trade specialists.

More generally, lots of egos have been bruised by Mr Clinton's relentless pursuit of diversity in his appointments, to the point where any number of disgruntled hopefuls now freely complain they have been left out because they are white and male.

This has been very much a "top down" transitional operation, run by the Clintons themselves and using their extensive networks of contacts, not all of which are confined to the well-known special and professional interest groups.

Mr Richard Riley, the able former governor of South Carolina and education secretary-designate, has been their chief Washington eyes and ears, with genuine vetting influence, but real power has continued to reside in Little Rock. This can frustrate the capital's barons who expect to be able to place their people in senior jobs, especially since Mr Clinton seems to take his time making up his mind.

However, the Clintons are also the victims of circumstance. All prospective nominees to senior positions are subject to rigorous FBI background checks. Mr Frank Weil, Mr Carter's first commerce secretary, recalls the alarm of fishermen at his Maine holiday home at being contacted by the FBI. Ms Baird, presumably sensing a problem that could not be kept under wraps, volunteered her information.

Investigations are also pursued by both the media and the political opposition, a fact of life with which Mr Clinton himself is only too familiar from last year's campaign. Republican questioning of nominees has to date been pretty soft and unrevelatory, but the process has barely begun, with as many as 1,000 appointees subject to Senate confirmation.

Transitions are, by definition, ephemeral, but they are also dangerous, particularly when a different party takes over the administration. By the time Mr Carter took office in 1977, the word in Washington was that if his government was no better than his transition staff then it would not fare well.

No such closet conviction yet seriously attaches to Mr Clinton's transition. Mr Brown is the only nominee whose professional career seems to conflict with Mr Clinton's promise of a new and open way of doing things, but even his critics acknowledge that he has been good at whatever task he has turned his formidable talents to.

Interest will also soon switch to Mr Clinton's policies and away from those he chooses to implement them. From the president-elect's perspective, the inauguration probably cannot come soon enough.

Reich (above) and Tyson: targets of much professional jealousy

Haitian avalanche 'ready to fall on US'

AN EXPECTED "massive influx" of Haitians may be one of the first foreign policy crises President-elect Bill Clinton has to face, Mr Dick Cheney, defence secretary, said yesterday, AP reports.

"The evidence is there that thousands, perhaps hundreds of thousands, of Haitians are in fact preparing to descend upon Florida" as soon as Mr Clinton takes office, Mr Cheney said.

Meanwhile, Haiti's deposed President Jean-Bertrand Aristide is urging his country's military-backed government to accept a large force of international observers to restore order in the Caribbean nation and prevent a mass exodus.

US officials said on Wednesday that Mr Aristide was sending a letter to Haiti's rulers in an attempt to break the log-jam in international efforts to restore the democratically elected president to power.

Aides to Mr Aristide said the letter – written under pressure from the Bush administration and Clinton associates – would be conveyed to the heads of the Organisation of American States and of the United Nations.

The OAS will send an emissary with the letter to Haiti's government in Port-au-Prince, said Mr Michael Barnes, a former congressman and now counsel to Mr Aristide.

Mr Barnes said the letter would call for the immediate dispatch of hundreds of UN and OAS observers to oversee the restoration of order and civil rights. It would also call for Haiti's parliament to approve an interim prime minister who would work for Mr Aristide's return.

Once parliament approved the interim prime minister, the US and its allies would lift the trade embargo they imposed on Haiti after Mr Aristide was ousted by a military coup in September 1991.

Mr Warren Christopher, secretary of state-designate, said at his confirmation hearing on Wednesday that the intensive efforts to bring about an agreement in Haiti "are quite promising this week".

Brazilian Senate vote may free ports from archaic regulations

By Christina Lamb in Rio de Janeiro

AFTER two years of struggle a decisive vote was underway last night in the Brazilian Senate on a controversial project to deregulate the port system. The proposed legislation, which would allow the ports to be privatised, is considered crucial to the government's programme of modernisation and boosting exports.

One of the country's most glaring examples of inefficiency, Brazil's 35 ports are riddled with corruption and bureaucracy, served by archaic equipment, subject to 49 different taxes, and governed by legislation unchanged since 1934 guaranteeing a monopoly for the stevedores' union. Port-users must contract labour from the union which decides the rates and numbers needed.

According to the Association of Exporters (AEB), Brazilian port costs are the highest in the world. At the main port of Santos charges amount to $51.30 (£33.70) per tonne compared to $15 in Buenos Aires and $4.50 in Antwerp. As a result, says Mr Pratini de Mornes, head of the AEB, "we're throwing away $5bn a year in exports and 350,000 potential jobs".

Some 97 per cent of all cargo into and out of Brazil passes through sea ports and these high costs explain why, despite a significant reduction in tariffs, trade remains at 5 per cent of Brazil's GNP, one of the lowest levels in the world. Exports have stagnated at between $33bn-$36bn for a decade and port reform is seen as fundamental to the new government's plans to increase this to $50bn by next year.

Mexico sees clear road to Nafta accord

By Stephen Fidler, Latin America Editor

THE Mexican government is continuing to work on the assumption that the North American Free Trade Agreement (Nafta) between Canada, Mexico and the US will be implemented at the beginning of next year.

A senior official, commenting on last week's talks between President Carlos Salinas and US President-elect Bill Clinton, said the latter had made clear he had no wish to reopen negotiations on the agreement proper.

The official said Mexico had been advised this week that Mr Mickey Kantor, a long-time Clinton adviser and nominee for the post of US trade representative, would be appointed to tackle the bilateral issues that arise from Nafta.

Mr Clinton underlined at a two-hour meeting with Mr Salinas in Austin, Texas, that he would not send the enabling Nafta legislation to Congress without first negotiating two side accords: on the environment and on jobs protection.

Mr Salinas expressed willingness to talk about them, as long as they did not infringe Mexican sovereignty, that they made economic sense, and would not contradict what had already been agreed in Nafta.

The official, speaking on condition he not be identified, said his understanding was that Mr Clinton would not insist on a third side accord mentioned by some supporters: preventing import "surges". This, he said, was a trade matter already covered in Nafta, and would mean reopening negotiations.

While it was unclear how difficult the negotiations would be on environment and labour, it was conceivable that co-operative agreements would not even require legislation. In any case, many of the issues related to jobs – such as the training of displaced workers – were domestic, rather than bilateral, matters.

He suggested that if the negotiations became tough, the Mexicans would be more likely to insist on consideration of two other issues: migration and development funding.

The timetable suggests the agreement would be presented for ratification in the Canadian parliament by March, in the Mexican senate in June and in the US Congress before or after the August recess. This would allow it to be put into effect next January.

US trade representative Mrs Carla Hills: Stepping down from the "most exhilarating" job she has ever had

Hills bows out on buoyant note

Nancy Dunne on US trade representative's four years in office

THE CUSTOMARY perfection of Mrs Carla Hills' office was disturbed this week by a few packing boxes and a chair covered with ribbons. The chair – shipped over from the White House cabinet room – was a gift from her senior staff and bears a nameplate: "US Trade Representative, February 1, 1989".

Although she and her friend and boss, George Bush, are leaving office, and the frustrating Uruguay Round talks are still dragging on, Mrs Hills' mood was buoyant. When her stint finishes, at noon next Wednesday, she will go home to consider the "next chapter in my life."

Of the past four years, she has no regrets. The job was the "most exhilarating" she ever had, including her first cabinet post heading the Department of Housing and Urban Development. She hopes to hand to her successor, Mr Mickey Kantor, a completed package of Uruguay Round market access agreements. She wants to be able to say: "I think you ought to go forward with this. It is politically supportable here at home."

But her demeanour suggests that, once again, the European Community is playing havoc with her best-laid plans. The US, she says, needs "a big package" of tariff reductions on products like pharmaceuticals, nonferrous metals, wood and paper to generate support in the US Congress for the entire Gatt package.

"If the EC doesn't play," she says, "we have a huge segment of trade that is not covered. They have not been willing to put together a package that has the maximum effect economically and politically."

The key to the Uruguay Round may have been disappointingly elusive, but Mrs Hills finds solace in the knowledge that she has completed "hundreds" of market-opening agreements and brought 20 unilateral Section 301 cases against protectionist markets, more than all her predecessors together. For all the bluster supplied by Capitol Hill and the deadlines and the sanctions threats, the only retaliation Mrs Hills ever levied was the restoring of tariffs against India.

> The key to the Uruguay Round may have been disappointingly elusive, but Mrs Hills finds solace in the knowledge that she has completed "hundreds" of market-opening agreements

The North American Free Trade Agreement (Nafta), completed after 14 months in a final dash before the Republican party's pre-election national convention, was the climax of her tenure. She speaks almost romantically of that "magic moment" in every negotiation. "You can't slow [the negotiations] down or you lose momentum. You can't speed them up. There's just a momentum. You want to cut it off at the peak lest they unravel."

She gives a lot of credit to Mexico's President Carlos Salinas for his economic reforms. She knows that critics of Nafta say the US has no business integrating its economy with that of an autocratic regime. But she still retains an abiding faith that "economic reforms go hand-in-hand with political reforms".

Mrs Hills takes no credit for her successes, giving that to "the team" in her office and her congressional and private advisers. She says: "Our trade policy is built by consensus."

She is even grateful for the much-maligned Washington lobbyist, whom she defends with some fervour, despite criticism by foreign officials that the US private sector has too much sway.

She says that the US, since its earliest days, has had "people who speak out and speak clearly about their interests". The lobbyist is paid and biased and might exaggerate his case, but she weighs these views with those of industry's economists and other more objective sources. "If you are willing to listen to all this cacophonous sound, you get a far better picture than if you just hole up and read a book or, worse yet, deal viscerally with trade."

Inside the Washington Beltway, Mrs Hills is considered one of the few stars of the Bush cabinet, yet she is recognised as a public figure more often overseas than in the US. Her visit to the Taj Mahal was interrupted by the clicking of hundreds of cameras held by Japanese tourists.

She also is the only Bush cabinet official to have been burned in effigy – in France recently by farmers protesting against the farm trade deal struck in the Uruguay Round.

Mrs Hills is tough and tenacious, and is unlikely to stop pushing for a final agreement on the Round until Bill Clinton is sworn in as president.

Only then will she take home her packed boxes and sort out her options.

Would she enjoy just a bit of "lying around"? Mrs Hills responds coyly, altogether uncharacteristically: "Depends who I'm lying around with."

Russian scientists on market

By Clive Cookson, Science Editor

SENIOR Russian scientists are joining forces to market their services to international industry – and fight what they see as western exploitation of researchers in the former Soviet Union who are being offered work at derisory rates.

Many of Russia's best-known professors, covering a wide range of scientific and technical fields from the environment to nuclear research, have joined the new organisation, known as Thesaurus. Institutional members include the Russian Academy of Science and the Moscow Institute for Physics and Technology.

Thesaurus will be marketing research and consultancy services through Anglo-Russian Trade and Shipping, a joint venture of Robson Rhodes, the London accountants and management consultants, and the Peter Dragadze Group based in Moscow.

Prof Sergei Kapitza, president of Thesaurus, said scientists were keen to work through a UK organisation because "the British have a better attitude to the correct compensation of labour".

Mr Peter Dragadze said attempts by US companies to hire Russian researchers for as little as $25 per month "were thought to be not only offensive but also impractical". The price of a Thesaurus consultant is likely to be slightly lower than for a senior western scientist.

Prof Kapitza, one of his country's best known physicists, expects Thesaurus experts to be most in demand for physics and engineering, particularly in energy-based industries. They could offer "a fresh approach, a way of thinking that might not have occurred to western scientists".

Many Russian scientists were demoralised by the loss of status and continuity after the collapse of communism and the Soviet Union, Prof Kapitza admitted. "Under socialism we were treated better than under capitalism."

French farmers demand tough line against Gatt

By David Buchan in Paris

FRANCE'S largest farming union yesterday warned that campaigning for the March general election must not be allowed to weaken the country's resolve to stand up to the US in the Gatt agricultural trade negotiations.

Mr Luc Guyau, president of the FNSEA, which groups most of France's 1.2m rural workforce, said he expected President-elect Clinton to be just as tough as his predecessor in defending American farmers' interests.

Mr Guyau said France could not simply fall in with US plans for world agricultural trade, aimed at cutting back subsidised EC exports. It "should use 1993 to move from speeches to action and veto the Washington agreement [between the EC and US on farm trade]," he said.

He confirmed reports by agricultural suppliers such as Elf-Aquitaine and Rhône Poulenc that, as a result of EC reforms intended to curb production, and of uncertainties about the outcome of the Gatt talks, farmers had sharply reduced purchases of fertilisers and pesticides. One FNSEA official said the level fell last year to its lowest since 1960.

Rhone Poulenc. See International Company News.

Outgoing team still hoping for Uruguay Round progress

US tries to narrow differences

By Frances Williams in Geneva

US TRADE officials in Geneva yesterday held out little prospect for an early conclusion to the Uruguay Round of global trade talks but said negotiations would continue in the hope of making progress by next Tuesday's stock-taking meeting of the top-level Trade Negotiations Committee.

Trade negotiators will try to present the Clinton administration, which takes office the following day, with as few outstanding problems as possible, in the dwindling hope that a Uruguay Round accord can still be reached before the current US negotiators' authority expires on March 2.

A senior US negotiator said a number of "significant sticking points" remained in talks with the European Community on industrial tariffs, and there had been little progress in resolving issues of vital concern to Washington in separate discussions on the draft package of Uruguay Round rules.

There were still differences between the US and EC over agriculture, the official added, despite the accord reached between the two sides last November. He said the EC's detailed offer on market access for farm products would, as it stands, reduce imports from current levels rather than increase them.

Talks on the draft rules package between about 20 of the key traders taking part in the 108-nation round were reconvened late yesterday by Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade.

The US also gave the EC further details of what it is prepared to offer on reducing very high textiles tariffs, a key Community demand, in return for EC concessions on reducing or eliminating tariffs in other sectors, notably electronics.

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Government concedes self-regulatory body is ineffective

Press review produces pledge to curb bugging

By Ivo Dawnay and Raymond Snoddy

THE government yesterday pledged immediate steps to make electronic bugging and trespass criminal offences and promised serious consideration of a civil remedy against undue intrusion into privacy.

But it stopped short of backing the central plank of Sir David Calcutt's report into press regulation that proposed the replacement of the widely criticised Press Complaints Commission with a powerful statutory tribunal.

Mr Peter Brooke, the heritage secretary, endorsed as "compelling" the report's conclusions that the self-regulatory PCC was neither effective nor truly independent.

After cabinet discussions of the report yesterday, however, Mr Brooke told the House of Commons that a statutory body would have a constitutional significance that departed from Britain's traditional approach to press regulation. "In the light of these considerations, the government would be extremely reluctant to pursue that route," he said. The publication of his damning review came as two UK newspapers, the Daily Sport and Kent Today, published the transcript of an alleged intimate telephone call between Prince Charles and Mrs Camilla Parker Bowles.

Sir David's report recommended the creation of a statutory tribunal which would have the power to fine newspapers up to 1 per cent of their net annual revenue. Such a tribunal would also be able to use injunctions to restrain newspapers from breaching a statutory code.

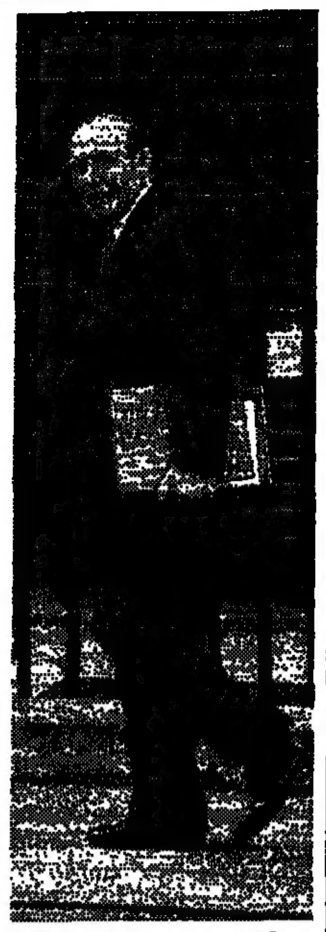
It is clear that government plans to take up Sir David's suggestion made in his 1990 report, that criminal offences should be created to try to prevent intrusion, for the purpose of publication, using electronic listening devices and long-lens cameras.

Sir David suggested fines of up to £5,000 but not prison sentences for those found guilty. The government is also prepared to give serious consideration to creating a tort of invasion of privacy, allowing aggrieved parties to seek redress through civil action, and look again at existing legislation on data protection and interception of telephone calls.

Sir David's attacked the PCC partly because it had not been set up in the way he had outlined in his original report but also because he thought it had not done enough in celebrated cases involving the Princess of Wales or Mr David Mellor, the former heritage secretary.

The PCC has decided, for instance, that although there had been complaints about about the printing of topless photographs of the Duchess of York not to get publicly directly involved.

The report was widely criticised by the newspaper industry yesterday. Mr Andrew Neil, editor of the Sunday Times, said if all the Calcutt recommendations were implemented it would amount to the most extensive censorship there had ever been in Britain in peacetime.



Peter Brooke yesterday: "compelling" conclusions

Opposition among MPs to police shake-up

By Philip Stephens, Political Editor

RADICAL PLANS proposed by Mr Kenneth Clarke to re-organise the police look set to be scaled back after running into strong opposition from the home secretary's cabinet colleagues.

Mr William Waldegrave, public service minister, and Mr Douglas Hurd, foreign secretary, have joined Mr Michael Howard, environment secretary, in opposing plans which would deprive local authorities of any real control of local forces in England and Wales.

Mr David Hunt, the Welsh secretary, has also voiced opposition to the plan to shift all police funding to Whitehall and deprive elected councils of their majorities on local police committees. Mr Ian Lang, the Scottish secretary, has indicated that he would not want to introduce similar arrangements north of the border.

The proposed scheme, ending the present half-and-half arrangements for police funding is being characterised as the virtual nationalisation of police forces.

Mr John Major was due this week to chair a cabinet committee set up to examine the proposals but the meeting was delayed because of the crises in Iraq and Bosnia. Last night, Mr Clarke accused opponents of launching a pre-emptive strike designed to force him to water down the plan.

Mr Clarke is supported by Mr John Patten, education secretary, and Lord Mackay, the lord chancellor. But most of his colleagues want a less ambitious blueprint to preserve a significant role for local authorities in the oversight and funding of the police.

Mr Clarke, who has strong backing from colleagues for his separate drive to reform the pay, conditions and internal management of police forces, is expected to respond by offering proposals which transfer fewer powers to Whitehall.

Big industrial power users seek electricity price cuts

By David Lascelles and Paul Abrahams

THE UK power generators were inundated with inquiries from industrial users yesterday following the news that the Department of Trade and Industry may allow a special licence for PowerGen to sell electricity cheaply to Imperial Chemical Industries.

Sharp increases in electricity prices over the last two years have been criticised by large industrial users, and they are eager to share in any opportunity to cut power costs.

It is, however, unclear how the government can grant one company – albeit a very large one – special access to cheaper electricity without making similar offers across industry. Even if it does, Power industry sources were warning yesterday that exemptions would only drive up costs for everyone else. Nor was it clear yesterday what stage the talks had reached. Mr Peter Rost, chairman of the Major Energy Users Council, said he was told before Christmas by Mr Tim Eggar, energy minister, that the separate deal was being negotiated.

Offer, the Office of Electricity Regulation which would actually issue the licence, also confirmed that it was discussing the matter with the DTI.

ICI said it was still talking to both the government and the generating companies after 18 months and that no agreement had been reached. The company reiterated that it was deeply concerned about the future of its chlorine and derivatives business which, it said, needed a rapid cut in power costs if they were to survive against overseas competition.

Industrial concern over power prices dates back three years to when the electricity industry was privatised. Subsidies for big electricity users were phased out, leaving large companies with sharp price increases.

ICI claims that its power bills have gone up 60 per cent since April 1991. It now pays £31 per megawatt hour compared to the £25 which it believes its major German competitors are paying.

Part of the problem lies in the way the UK electricity market works. The privatised power industry included a requirement that power generators sell all their output through the pool, the wholesale market where prices are set every half hour.

But power sold through the pool collects heavy charges for running the UK electricity system, adding 5-10 per to bills. The solution apparently being considered by the DTI is to allow generators to sell a certain amount of power outside the pool, directly to large industrial customers. These deals would bypass the pool charges.

Court told of corruption at BP

By John Mason, Law Courts Correspondent

HIGH level corruption within British Petroleum led to the oil company becoming the victim of extensive fraud over its North Sea investment programme, a court heard yesterday.

Confidential details of tenders submitted for pipes and pumping equipment contracts worth up to £50m were leaked by BP employees to middlemen who passed the information on to European and Japanese companies competing for the business, Southwark Crown Court was told.

The information allowed companies to undercut rivals or push up the final price charged to BP. Companies such as Thyssen, Sulzer Pumps UK and Borsig GMBH, along with Japanese engineering firms were among the beneficiaries of the fraud, Mr Stephen Batten QC, prosecuting for the Serious Fraud Office, said.

On trial are two of the alleged "middlemen", Mr Josef Szrajber of Mayfair, London, and Mr Paolo Sorelli of Paddington, London.

Both deny seven charges of conspiracy to defraud BP by making use of confidential information relating to contract tenders between 1988 and 1990.

There were three elements to the chain of corruption - the BP staff prepared to leak the information, the middlemen or "pedlars" who passed it on and the companies willing to pay for it, Mr Batten said.

The corruption within BP's procurement department went to a very high level, he went on.

"Not perhaps to the very top, but certainly the sort of level which must have had good inside information," he said.

One BP employee – referred to as Mr X – was a particularly important source of information. Documents showed the "commissions" – usually three or four per cent of the contract value – were often split three ways between Mr X, Mr Szrajber and Mr Sorelli.

A Thyssen employee, Mr Manfred Reuss, also took a cut in commissions when his company won a contract, Mr Batten said. Of the middlemen, Mr Sorelli was the one with the access to BP personnel and Mr Szrajber dealt with the companies prepared to pay for the information.

Records, however, kept by Mr Szrajber, which were seized after his offices were searched in the summer of 1990, gave considerable detail of the corrupt deals and were likely to prove his undoing, Mr Batten said.

One document sent by Mr Sorelli to Mr Szrajber explained how Mr X would receive half of a four per cent commission as he needed to pay other people in BP's procurement division.

The trial continues today.

N-levy unlikely to be used for coal subsidy

By David Owen

THE Department of Trade and Industry is playing down the idea of diverting part of the nuclear levy on electricity bills to other purposes such as subsidising cleaner coal technology.

Such a switch is believed to be among measures under consideration by MPs on the Commons trade and industry select committee, which will unveil proposals to boost the coal sector later this month.

In a confidential memo to the committee the DTI says: "It would not be possible under the Electricity Act 1989 to divert the levy to other purposes such as the funding of the fitting of Flue Gas Desulphurisation to existing coal-fired stations. "However . . . the coal review is considering methods of reducing the price of British coal by providing support to the industry, for example by subsidy or levy arrangements."

In the six months to last September, Nuclear Electric – the state-owned nuclear power generator – received £632m from the levy to help it finance decommissioning costs of its nuclear plant. This helped it to report a half-yearly operating profit of £255m.

● Mr Michael Heseltine, trade and industry secretary, received a non-committal response from the European Commission to his outline proposals for supporting UK coal, writes Andrew Hill in Brussels. He met Mr Karel Van Miert, the new competition commissioner, and Mr Abel Matutes, who has taken over responsibility for energy and transport. Neither was able to comment on the suggestions, which have not yet been adopted by the British cabinet.

Doctors warn of hospital cash crisis

By Alan Pike, Social Affairs Correspondent

DOCTORS' leaders warned yesterday that UK state hospitals are facing their worse funding crisis in 30 years.

A meeting of the British Medical Association council adopted a resolution declaring current funding was "inadequate to deliver fully comprehensive patient care".

BMA leaders say hospitals will have to close wards and cancel operations for the remainder of the financial year because they have already spent their budgets.

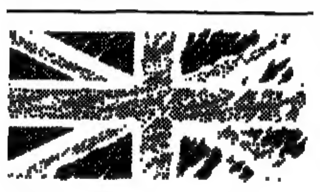
The BMA met Mrs Virginia Bottomley, the health secretary,last month to warn her of its concerns over funding. But Dr Jeremy Lee-Potter, chairman of the council, said he was disappointed by her response. "Our impression was that she is going to try to ride out the storm until some new money becomes available in April".

Mrs Bottomley accused the BMA of a "glib response" that disguised the need for doctors to examine ways of using resources more efficiently.

Under the new system of NHS funding, hospitals are contracted by health authorities to carry out specified amounts of work during a year. Problems are arising now because some hospitals have already exhausted their budgets.

The BMA says many hospitals will be forced to stop non-emergency work or "solicit business" from GP fundholders, who have alternative sources of funds. It claims this is leading to a two-tier service.

Britain in brief



Union seeks recruits from car suppliers

The AEEU engineering and electrical union has launched a campaign to recruit members among suppliers to Nissan's car plant in north-east England.

The AEEU is the only recognised union at the Sunderland plant and its growth in membership there – to about 2,000 out of 4,600 employees has helped to maintain its Tyneside numbers against a declining national trend.

The union – the second biggest in the UK – hopes that by recruiting members at Nissan suppliers it will strengthen its request for recognition by managements, many of which rebuffed formal AEEU approaches when they first moved into the area and have no recognised union on site.

"We have the key – Nissan. We're looking for a knock-on effect," Mr Davey Hall, AEEU Tyne district secretary, said. "It's a continuous campaign. We'll be on the doorsteps on a number of occasions during 1993."

BBCI unit to wind down

The government's Deposit Protection Board is to run down its unit for dealing with claims from BCCI depositors over the next few months.

The board has now processed most of the claims received, although the total number settled is less than 12,000 to the value of about £60m, compared with a liquidators' estimate of 32,000 UK deposits totalling \$1.1bn in BCCI SA.

Support urged for Thorp plant

Trade union leaders at Sellafield are writing to the nuclear plant's 700 Cumbria-based suppliers this week to enlist their support for a campaign backing the commission of the £2.8bn Thorp reprocessing installation.

Shop stewards are urging suppliers to write to the Pollution Inspectorate emphasising the economic importance of Thorp – Thermal Oxide Reprocessing Plant – and have included a draft letter for guidance.

The Sellafield unions fear the entire site's future could be jeopardised, with grave economic consequences for west Cumbria, if Thorp is not commissioned.

Call for better copier deals

More than 100 MPs, MEPs and peers are supporting renewed calls for legislation to curb the activities of some photocopier suppliers.

The Campaign to Clean up Copier Contracts says it has won all-party support at Westminster for its efforts to stamp out what it calls malpractice in the supply of photocopiers.

The organisation claims to have logged more than 3,000 complaints from customers of photocopying leasing companies.

Campaign criticisms centre on unfair and onerous contract conditions, high-pressure sales techniques and misrepresentation.

Directors issue tax warning

Tax increases must not form part of the Budget if the fragile economic recovery is to be given a chance, according to the Institute of Directors.

In its budget representations to the chancellor, the IoD – a right-of-centre lobby group – warns that many powerful negative forces could yet upset the recent pick-up in business confidence.

It also called for a radical restructuring of public spending to overcome what it believes are structural rather than cyclical shortcomings of public finances.

More families in need

The number of families receiving income support rose from 2.9m in 1979 to 4.1m in 1989, according to the House of Commons social security committee.

By 1989, 6.98m people were living in households dependent on income support, compared with 4.57m in 1979.

The main groups accounting for this increase were single parents, the unemployed and long-term sick and disabled people.

Over the same period there was a rise of almost 50 per cent in the number of families with incomes below benefit level – up from 2.05m to 2.97m.

Nissan and Vauxhall boost output

By Kevin Done, Motor Industry Correspondent

UK CAR production rose by 4.4 per cent last year helped by a substantial increase in output by Nissan, the Japanese car maker and by Vauxhall, the UK subsidiary of General Motors of the US.

Car production rose to 1,291,231 from 1,236,900 a year earlier, according to figures released yesterday by the Society of Motor Manufacturers and Traders.

Output of commercial vehicles rose by 14.4 per cent last year to 248,435 from 217,141 in 1991, although output in December alone was 10.2 per cent lower than a year ago at 16,758. In December car production was 19.8 per cent higher than a year ago at 94,652 helped by a 26.6 per cent increase in output for export.

Car output has performed relatively well during the recession with much higher production for export markets largely making up for lower output for the home market.

Production fell by only 4.8 per cent from the peak of 1.3m in 1989 to 1.24m in 1991, despite a 30.9 per cent fall in UK new car sales in the same period.

UK car production is now set to rise significantly throughout the 1990s largely as a result of the three new car plants under development by Nissan, Toyota and Honda.

Nissan's Sunderland plant, in north east England, which began small volume output in 1986, is expected to increase production this year to 270,000 from 179,000 in 1992. The plant is developing a capacity to produce 300,000 cars a year.

At the same time Honda began production in October at its £300m Swindon plant and Toyota started output last month at its £700m car plant at Burnaston, near Derby.

The SMMT's latest forecast predicts UK car production will rise to 1.4m this year and increase to 1.5m in 1994. UK car output reached its previous peak in 1972 at 1.92m, but declined rapidly in the following decade to reach a low of only 888,000 in 1982. DRI Europe, the UK-based automotive analysts, said in its latest analysis that car production could exceed the earlier peak by 1997 rising to 2m.

'Minor miracle' eases threat to Shetland Isles

Bronwen Maddox on the effects of the Braer oil spill

The rapid dispersal of the 84,500 tonnes of oil from the wrecked Braer has been "a minor miracle", the Shetland Islands council said yesterday.

Maps drawn up daily at the council's emergency centre at Sumburgh Head, the southern tip of the islands where the tanker hit the rocks, show that the slick has shrunk sharply since the weekend. Most of the original patches of thick black oil have broken up under the impact of ferocious weather into thin sheens and patches of "grey lines".

Oil is visible on a handful of beaches: the area around the tanker including Quendale, Scousburgh and St Ninian's Bays and Bigton Wick. But dispersal has been much faster than in other spills because the Braer's cargo was relatively light Norwegian crude.

Scientists in the Shetlands are more confident too that much of the Braer's heavier "bunker" or fuel oil has also dispersed. The council said yesterday: "It is some days since bunker oil appeared on the maps except in the immediate vicinity of the wreck – although it is not impossible that some may still be on board." The only current sightings are at Garths Wick, a small bay north of the wreck.

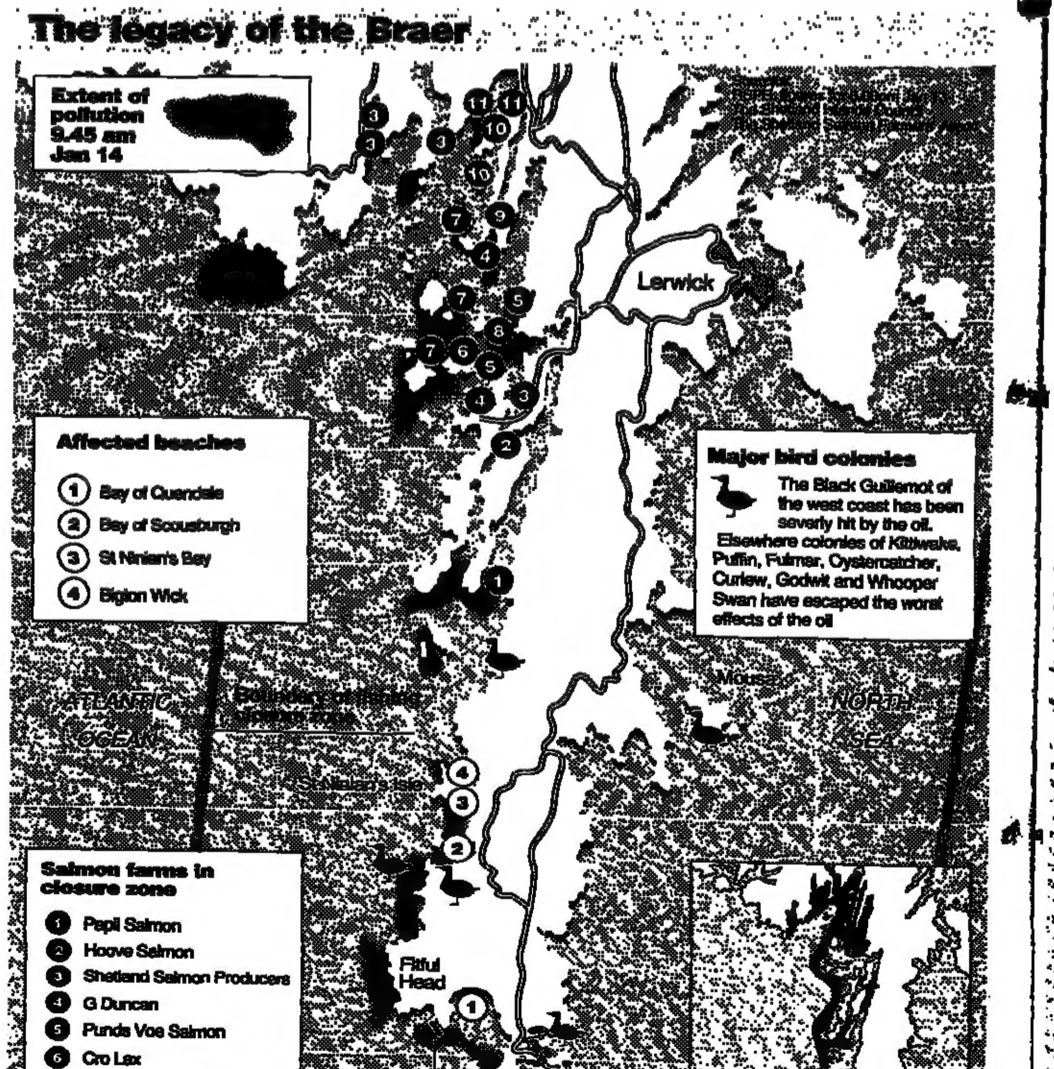
The massive pounding by the waves has broken the oil into ever smaller droplets, enabling it to sink, when bacteria will break it down. To monitor exactly how far these particles are spreading, scientists from the Scottish Office Agriculture and Fisheries department have been on board the research vessel *Clupea* since January 11 and will take samples of sand, water, shellfish, and plankton for another week.

Mr Barry Lester, of the Department of Transport Marine Pollution Control Unit, which is in charge of the Shetland clean-up, said: "It is too early for scientists to give conclusions, but it seems highly unlikely that much oil has settled on the seabed."

A week ago the Scottish Office banned fishing or harvesting of salmon in a 400,000 square mile area around the spill. The 16 salmon farms in the zone account for around a quarter of Shetland's salmon farming: 10,500 tonnes last year, worth £33m.

Mr Scott Findlay of the Shetland Salmon Farmers' Association says: "The way it looks now, only farms within the closure zone are affected by the sheen, and rigorous scientific testing is now underway to see the effect on the fish. There have been no salmon mortalities whatsoever, and there is no chance tainted fish will ever enter the food chain."

Environmentalists, too, sounded distinctly more optimistic than they did last week. Mr David Mitchell of the Royal Society for the Protection of Birds, which has counted 750 dead birds so far, said "it is unlikely that there will be many more bird oilings".



Dispersal of the oil has removed much of the risk to migratory birds, which will start flying in to breed within two months. "If the oil had stayed as a slick it would really have hurt the puffins and guillemots – their main habit is loafing around on the water off the breeding cliffs," Mr Mitchell said. He warned that black guillemots have been badly hurt by the slick. "We know of over 100 dead in a fairly restricted area, and we think that it may have been almost completely wiped out in some areas near the tanker. There will be recolonisation but it will be slow – this bird lays only one egg a year."

Yorkshire Water is peeling away layers of old management thinking, reports Angus Foster

Stirring up the waters

The difficult transition from public to private ownership has thrown up strange watchwords at Yorkshire Water, one of Britain's 10 water and sewage companies privatised in 1989. Onions, Maces and Matsushita are just some of the management tools Yorkshire hopes will prompt a revolution.

Yorkshire's problem, according to senior managers, is that the structure and ethos inherited from pre-privatisation days do not suit the private sector. In places the company is overmanned and inefficient. Its management style remains too hierarchical, with little information flow except from top to bottom.

"As an ex-public sector, ex-nationalised industry, we have an attitude of saying 'No'," according to Trevor Newton, group managing director.

Since 1990 Yorkshire has hired management consultants, sent Newton to Harvard University for three months and organised a series of workshops for managers. As a result, it has introduced a three-pronged plan – probably the most radical in the water industry – to restructure its business and change its culture.

The first prong, known as Onion, will strip away non-essential services, such as pipe laying, from the "core", regulated business. These services will have to compete in the private sector or be closed.

Last year, Yorkshire and its consultants decided that 21 of its 40 areas of business, or about 65 per cent of employees, could – over time – be put outside the core.

From next April, Yorkshire will change its structure from one based on 10 geographical regions to one based on functions, like water resources. About 100 middle to senior managers will leave the company through voluntary severance because of the change.

The largest business so far placed outside the core is Leeds Pipeline Services, a new company made up of about 60 former employees, involved in laying and maintaining water mains. It still relies on contracts from the core for most of its business. But John Fenwick, operations manager, hopes to increase non-core work to 20 per cent in the next few years.

Because work is now carried out at market prices, rather than cost, there is an incentive for LPS to maximise profit by finishing contracts early. Strict job demarcation rules have been changed and efficiency gains, which used to lead to job cuts, now mean LPS can bid for more work. Fenwick estimated time lost due to sickness and other absences has been cut by 100 hours to 150 hours a week.

Previously sceptical employees are beginning to accept the changes. Steve Pennistone, a senior shop steward, said: "So far they've stuck to their promises. It's running much more efficiently and the lads are doing better out of it."

Greater expenditure on technology is complementing the new structure

A £750 bonus paid because performance was ahead of targets helped win employee support. Staff also noticed LPS continued to recruit workers when other companies in Leeds were laying them off.

Some employees are less happy, complaining that the drive for profits will compromise service and quality. Others say the new system has created divisions within Yorkshire Water and its management. And the hidden costs of contracting out – such as stricter and more costly monitoring of contractors' performance - are not yet visible.

John Taylor, Yorkshire's deputy managing director, acknowledged that forcing change could be disruptive. But he hopes LPS's example will prove a strong incentive. Another understated incentive is that areas which do not welcome change could lose work and jobs to areas which do.

Yorkshire's second prong is Mace, an acronym for a £75m new technology programme which could lead to greater efficiencies and further contracting out of tasks. One area being studied, for example, is the use of sensors and telemetry to identify illegal toxic waste before it reaches a sewage plant and relay this information to a central control. The sewage treatment process could then be adjusted remotely.

If they are to succeed, Onion and Mace require another change – in Yorkshire's managers and staff. Although progress was made in the 1980s, Newton believes the company is still too hierarchical. Communication between employees and managers is poor, achievement often goes unrewarded and ideas still largely come from the top.

This works against Onion and dilutes Mace. Water companies are also being told by the regulator to improve customer service standards, so Yorkshire and its employees have to become more open and responsive to change.

The new strategy was presented to Yorkshire's 100 senior managers in February 1991. They were told to spread cultural change through the company, "energise" their people, be more positive, communicate with and empower their staff and recognise their successes. Drawing on the example of Matsushita, the Japanese electronics company, Yorkshire employees were told that profit was a by-product of business, not the only aim.

The response was mixed. Newton said that about 50 of Yorkshire's 100 senior managers agree fully with the changes.

Ideas are starting to flow up management lines instead of down and managers are learning to recognise and reward good work. Most recognition is informal, like "saying 'thank you' and drinks after work", Newton said. A financial reward system, which only applied to senior management, has been scrapped. Instead, Yorkshire is studying a company-wide system based on performance.

There has been opposition among some managers to specific changes, for example an annual company-wide opinion survey asking employees what they thought of their managers.

Newton's zest for change has led to uncertainty about job security. His methods have also been unconventional. For example, he issued a memo banning team briefings in order "to improve communications". He felt Yorkshire's team briefings did not work because they only allowed information to flow from the top downwards.

Yorkshire has organised "learning, coaching and counselling" sessions where staff are taught what to expect of managers under the new system. "The way to change managers is to change the expectations of their people," according to Newton.

But he and his fellow converts admit, as products of the hierarchical public sector themselves, that some managers will never change. "I've also been brought up in an environment of shouting at people to get things done. Some people don't recognise this has to change. They will either get driven out by their people, or by me."

Why actions really do speak louder than words

Christopher Lorenz challenges a new business thesis

THE WORLDS of religion and politics are littered with living examples of the dictum that there is nothing more powerful – nor, sometimes, more dangerous – than the dogma of a convert. In management, the same phenomenon makes far too many executives chase in zig-zag fashion after such either-or dogmas as organisational decentralisation or centralisation, diversity or focus, and employee involvement or control.

The self-delusion – and corporate risk-taking – practised by such managerial fashion followers is the target of an ambitious new book, Beyond the Hype*, which has caused quite a stir in the US, especially around its three authors' home base of the Harvard Business School. Its central message is undoubtedly sensible: that persuasive language (or "rhetoric") plays an under-valued part in management. But the book's impact is diminished by its own degree of dogmatism. That, in turn, flows from the fact that its two main authors, Robert Eccles and Nitin Nohria, are themselves fresh converts from the hype which they now criticise.

Two years ago, when most business academics were waxing lyrical about the need for "new managerial practices for an age of new organisations", Eccles and Nohria wrote a working paper called "the post-structuralist organisation" on life after bureaucracy.

But within five months they began to doubt their case. This was partly because they found less new actual organisational practice than they had expected and partly because they became smitten by rhetorical theory. They concluded that, though the rhetoric of management has changed sharply in recent decades, its actual principles and practice have stayed very much the same. "Leading-edge companies are not doing anything very different," they claim.

Among today's "new" management concepts which turn out to have been quite common throughout this century, Eccles and Nohria cite cross-functional collaboration plus the production of quality products and the provision of responsive customer service. "Who could argue with such advice?" asks the duo. "When did managers think – let alone say – they were doing otherwise?"

Think about the last question for a moment, and you will see Eccles and Nohria sliding off the rails – gently in their assault on the oldness of "new" principles, but painfully in their suggestion that there is nothing new in "new" practices.

Their assertion that there are few new management concepts may shock ill-informed executives who have gleaned their ideas from airport bookstalls and the more superficial type of business school courses. But well-read managers, gurus and academics will be entirely unsurprised.

It is plain wrong to claim that companies have always been as concerned as they are now with quality and customer-responsiveness

One of the chief butts of their criticism, Tom Peters, the guru, has always been the first to credit the early progenitors of many of the concepts to which he and others today attach jazzy new names.

What Peters and the best of his fellow pundits have done is not just to re-name and regurgitate old concepts, as Eccles and Nohria suggest. Instead, they have made some of them comprehensible to lay people and re-worked others to adapt them to today's context.

Thus the concept of corporate "core competences", popularised in the last couple of years to great effect by C. K. Prahalad and Gary Hamel, may well have been developed from the ideas of more than 30 years ago. But their new formulation has an added twist to it: the notion that a company's competence, however strong, is of little value unless it is so distinctive as to be virtually unique.

So much for rhetoric. When it comes to real action the Eccles-Nohria case quite jumps the rails.

It is plain wrong to claim that companies have always been as concerned as they are now with quality and customer-responsiveness, let alone with performance-related rewards and social responsibility. Small, leading-edge enterprises, perhaps, plus a few highly-adaptive large ones, such as 3M.

But if this were really true for a broad swathe of US companies, they would never have alienated millions of customers by producing so many ill-designed, poor quality cars, air-conditioners and other products in the 1960s and 1970s, leaving a yawning door for the Japanese to push open. Just because ideas similar to today's have been expressed intermittently throughout the century does not mean that they have been practised widely – far from it.

The same goes for all the "human resources" (people) aspects of today's organisational principles and practices. Just because delegation and cross-functional communication – two principles of "empowered" and "horizontal" organisations – have been bandied about since the 1920s, it does not mean they have been thick on the ground in reality.

What has altered the way executives do their jobs has been the changing practical context within which such principles are now propagated. Terms such as "delegation" meant one thing to managers within the sort of steeply-hierarchical bureaucracy typical of the 1920s, 1950s and 1970s.

They mean quite another (and much more) within today's shallow, delayered hierarchies, where instead of having only five people reporting to them, many managers now have 25 or more. In such circumstances, delegated authority and decentralised responsibility really do mean what they say.

Which leaves one with the thought that the Eccles-Nohria argument should sometimes be stood on its head. Rather than rhetoric being forever changed to reflect the unaltered "essence of management", as they put it, language often changes more slowly than the managerial behaviour which it describes. Harvard professors, please take note.

*Written with James Berkley. Harvard Business School Press. $24.95 in US, £19.95 in UK.

LEGAL NOTICES

Company No. 1666607
MAGNEX SCIENTIFIC LIMITED
(the "Company")
NOTICE IS HEREBY GIVEN pursuant to section 175(1) of the Companies Act 1985 that by resolutions agreed to in accordance with the provisions of section 381A of the Companies Act 1985 and which became effective on 14th January 1993, a payment out of capital by the Company for the purpose of the Company's acquiring 84,666 of its own shares by purchase from the registered holder of them at a price of £11.50 per share was approved. The total amount of the permissible capital payment for the shares in question is £188,256. The Statutory Declaration of the Directors and the Auditors' Report required by section 173 of the Companies Act 1985 in relation to such capital payment are available for inspection at the Company's registered office. Any creditor of the Company may at any time within the five weeks immediately following the date on which such resolution for payment out of capital became effective apply to the Court under section 176 of the Companies Act 1985 for an order prohibiting the payment.
Registered Office: Boswell House, 1-5 Broad Street, Oxford OX1 3AW
BY ORDER OF THE BOARD
Dr. P.J. Feenan, Secretary
Dated 14 January 1993

In the High Court of Justice No 1007 of 1984
Chancery Division
Cardiff District Registry
In the Matter of E C Cases Limited
And in the Matter of the Insolvency Act 1986
And in the Matter of the Companies Act 1985
IMPORTANT NOTICE
TO ALL SHAREHOLDERS
OF E C CASES LIMITED
TAKE NOTICE that we, Trevor David Snowden and Barry Gibson Mitchell, Liquidators of E C Cases Limited intend (subject to the approval of the Court) to pay an interim dividend of 3 pence per share to all shareholders.
We have only an incomplete list of shareholders. If you claim to be a shareholder in E C Cases Limited AND YOU HAVE NOT ALREADY DONE SO please send your share certificate(s) to reach us by or before the 31st day of January 1993 to the following address:
Trevor David Snowden Shareholding (E C Cases Limited) KPMG Peat Marwick, 15 Pembroke Road, Clifton Bristol BS8 3BG. If you fail to reply your name may be omitted from the rectified Register of Members of E C Cases Limited if the Court sanctions such rectification.

SWILVNN DISTRIBUTION (UK) LIMITED
(IN RECEIVERSHIP)
NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at The Grand Hotel, Swainson Street, Hartlepool, Cleveland on 28 January 1993 at 10.30 am for the purpose of receiving a report prepared by the Joint Administrative Receivers and if thought fit to establish a committee ("the creditors committee") to exercise the functions conferred on it by or under the Insolvency Act 1986.
Proxies to be used at the meeting be lodged, together with any claim to be made by the creditor at the offices of the Joint Administrative Receivers, Hadrian House, Newcastle no later than 12 noon on 27 January 1993.
Creditors whose claims are wholly secured are not entitled to attend or to be represented at the meeting.
I D B Bond and D M Middleton
Joint Administrative Receivers
Date: 12 January 1993

Notice of appointment of joint administrative receivers
THE AVENUE GROUP OF COMPANIES LIMITED
Registered number: 1873612. Trading names: Travel and Incentive Planners, Avenue Production and Marketing. Nature of business: Group travel and conference service. Trade classification: 38. Date of appointment of joint administrative receivers, 31 December 1992. Name of person appointing the joint administrative receivers: Bank of Scotland.
LYNN ROBERT BAILEY and STEPHEN JONATHAN TAYLOR, Joint Administrative Receivers (Office holder nos 6496 and 7821). Coopers & Lybrand, Abacus House, 32 Friar Lane, Leicester LE1 5RA.

BUSINESSES FOR SALE

TECHNOLOGY

At the Australian Open, beginning Monday, a computer will be calling the shots, reports **Charles Arthur**

A new player on the tennis court

Perhaps when John McEnroe retired from full-time professional tennis last December, he stopped too soon. Next Monday, the Australian Open tennis championships begin at Flinders Park in Melbourne, using a computerised system derived from a weapons tracking machine to call the lines. No more linespeople. No more disputed calls. No more arguments with the umpire.

The technology to be used on the three main show courts at Flinders Park has taken five years to develop. It requires costly alterations to the existing courts, but should save frazzled umpires working in heats of up to 100 deg F from disputes.

In tennis, a ball that touches any part of the line – however narrowly – is in; but deciding that with a ball travelling at up to 100 mph exhausts the human eye. Also, two people in different places can see two results, leading to the sort of arguments that McEnroe became so notorious for in his time.

The new system was developed by John Baxter and Bruce Candy at an Adelaide-based company called Tel (for Tennis Electronic Lines), where they applied their knowledge of weapons detection and radio systems to tennis.

The entire court on which the system is to be used must first be relaid. Flat cables 60 centimetres wide are set about one cm underneath the positions where the lines (about five cm wide) will be. Then the new court (of rubberised concrete in the case of Flinders Park) is poured on and the lines painted down the centres of the cables. The cost of doing that on the three show courts at Flinders Park came to more than £130,000.

The rubber cores of the tennis balls to be used incorporate a tiny quantity of iron particles – not enough to alter their playing characteristics, but sufficient to disturb a magnetic field (generated by an electric current) around the lines.

An on-court computer monitors these variations and decides where, over 30 cm either side of the line, the ball hit the court. The result is fed to a monitor at the umpire's chair. Tel says it is accurate to within three millimetres; only the best linespeople are consistently accurate to within a centimetre.

The system was used at last September's US Open which, like the Australian Open and Wimbledon, is one of the four main "Grand Slam" tournaments in the tennis calendar. Although the Australian authorities intend this year to use it only in the over-35s event, Geoff Pollard, chief executive of Tennis Australia, which runs the tournament, says: "It's years ahead of anything else, and we would not be bothering to experiment with it if in a couple of years we did not intend to use it."

Pollard acknowledges that the system "has the potential to eradicate disputes over line calls forever" but also that it "raises questions about the future culture of professional tennis".

Brian Williams, managing director of Tel, is seeking an agreement from the Association of Tennis Professionals, which runs the men's professional game. "I'm waiting for their approval of it for international play," he says.

"That has been the hardest part – not the development, but the politics. The ATP is afraid that players will demand it on all courts, which would put quite a financial burden on tournaments." But it would cut the number of linespeople needed on a court significantly – from the usual complement of the umpire and 10 people to the umpire, netcord judge and foot-fault judge (on the baseline). And for Tel, equipping the 81 men's events and 60 women's events would be a financial bonanza.

However, because Tel presently cannot function on the portable courts commonly used during the indoor season of the men's game, that prospect may be a little way off. Williams reckons it will cost another year and A$500,000 (£225,000) to develop such a system; after the A$4.5m that has gone into development so far, that will not seem much. And he also expects soon to be installing the system on clay courts in Monte Carlo, and possibly later underneath grass courts.

The signs are that the professionals at least will quickly adapt to a system without human frailty. They have long since grown used to the "Cyclops" machine, which is used to call the service line – which the ball crosses at up to 130mph – at most major tournaments. This uses four laser beams crossing the court on and near the line; depending which order the ball breaks them, the system deduces whether the ball was in or not.

Cyclops first came into use in 1980, and most players accepted it as an accurate arbiter – even McEnroe. But some people are never satisfied. Once, he complained during a match that it was giving wrong calls: "I don't want to sound paranoid," he said later, "but that machine knows who I am."

John McEnroe: computerised calls may have led to fewer arguments with umpires

An Olympic paperchase

The first race of the 2000 Olympics begins on February 1. On that Monday, each city competing for the Games has to submit 30 copies of its final draft bid document to the International Olympic Committee in Lausanne.

This will be equivalent to Beijing, Berlin, Brasilia, Manchester, Milan and Sydney taking to their marks. They will be held in the "set" position for two weeks while IOC officials decide what amendments they want. The winner will be the first to produce 300 copies of an amended, completed document.

The prize will be the undivided attention of IOC members before the second-placed city's bid arrives. The IOC will make its choice of venue for the 2000 Olympics as early as September of this year.

The IOC wants simple bid documents in standard A4 size, printed on both sides to reduce weight and designed to make it easy to copy broken-out sections for experts to study particular details.

Since each bid document will run to hundreds of pages and several volumes, the race is a production management challenge. Manchester has decided to do the job in six days with the help of Rank Xerox.

Its bid document will total 520 pages in three volumes, with parallel columns of English and French. Since some sections and illustrations will be in colour, potential problems seem enormous. If text is lengthened or shortened, or some illustrations have to be changed or dropped, the whole running order of pages could be affected.

Conventional printing methods could make this a nightmare. Just getting the imposition of pages correct on the presses, so they appeared in correct order in the finished product, would be difficult in a rush. Remaking hundreds of printing plates would also be time-consuming and expensive.

Manchester's approach will be to marry the converging high technologies of laser scanning and printing with photocopying, so that printing presses – and plates for them – will not be involved.

Russell Forsyth, Xerox's accounts manager for local government, claims the combination of kit assembled in Manchester is unique. It uses the flexibility of a unix operating system, combining Apple and Hewlett Packard equipment with Rank Xerox's own.

Pictures, artwork and graphics can be scanned in, while text comes in word-processed, digital form. Rank Xerox's own cut and paste system allows electronic assembly and page editing, while computerised imposition makes sure they are produced and copied in the right order. Programmed collation puts them together, while automatic binding turns them into book form.

Ian Hamilton Fazey

Worth Watching · Andrew Fisher

Safer hands at the wheel

A Scottish company has developed a car horn switch using membrane technology that provides more space for an airbag in the steering wheel centre. It will allow airbags to be fitted into any model and eliminate the possibility of dangerous fragments flying about when they are activated.

The strong, flat, safe switch from John McGavigan Automotive Products can be made for any wheel design. With few components and easy to assemble, it should save costs.

The switch will enable more controls, such as radio and light switches, to be fitted in the steering wheel, allowing the driver to keep both hands on the wheel while using them. John McGavigan: UK, 041 7765261.

Silent phone language

Deaf people will be able to talk to each other by telephone with a videophone being developed by British Telecom. BT claims it is the only company working on a system aimed at people who are deaf or have impaired hearing. Users could use sign language and lip-reading.

A video link would solve the problems of textphones, which are slow to use and thus cost more than speech phones. BT says sign language is as fast as speech and more acceptable than text. BT is refining the system after field trials and examining ways of reducing costs. BT Laboratories: UK, 0473 647448.

Absorbing the bounce

English Architectural Glazing has developed a blast-resistant glazed cladding system, providing extra protection against bomb attack, writes Richard Lapper.

EAG's glass cladding is designed to bend rather than fracture with the force of a blast – like a tennis racket hit by a ball.

The system uses frames of a special aluminium alloy. Transoms and mullions are marginally wider than those used in conventional building design, helping keep the glass in its frame. But Norman Sheldrake, managing director, says they are narrower than in other blast-proof cladding systems. The EAG system differs little in appearance or cost from standard claddings. EAG: UK, 0638 510000.

Western training goes east

Four programmers from the *Moscow Oil Refinery* found language barriers falling when they attended a course at Independent Computer Solutions, a London consultancy.

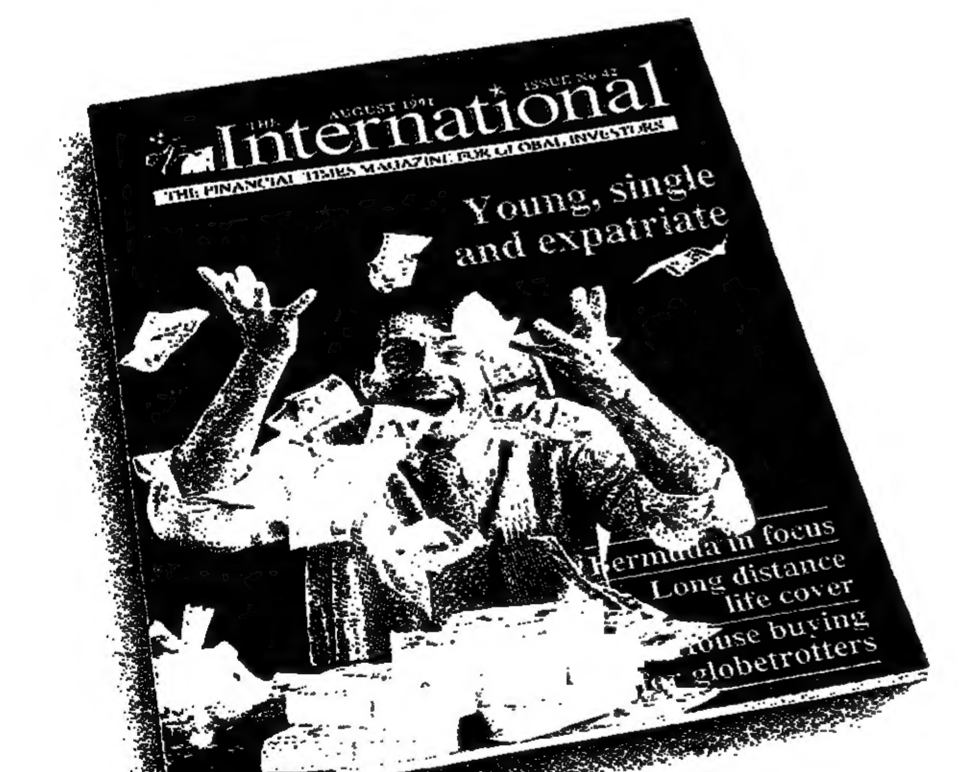
ICOS sees a growing market in training programmers from eastern Europe. That for the Moscow programmers was aimed at giving them a thorough knowledge of Paradox, a database language for PCs. "The biggest obstacle was the language barrier," says Ian Lucas, ICOS training manager. "All communication was effectively carried out through Paradox. The computer became the tool with which cultural and language barriers were demolished."

Moscow will send over more programmers. ICOS has employed a Russian-speaking instructor to help its east European push. ICOS: UK, 071 4940010.

Pump device plugs leaks

To guard against leakages of toxic or flammable materials, David Brown Pumps has introduced a device which can be attached to a standard double seal assembly on any pump. It eliminates leaks of liquids or gases during the pump's operation and shuts down in the event of failure.

The unit is designed to operate under any pressure (however wildly fluctuating), with any fluid (however dirty), and at any temperature (however extreme). It uses a piston, moving vertically in a cylinder, to separate a clean barrier fluid above from the hazardous fluid transported below. It needs no electrical power, air or coolant supply. David Brown: UK, 0226 763311.



PEOPLE

Having 'a go at the Acas job'

John Hougham believes it is the improved industrial relations at Ford of Britain, where he has been head of personnel for the past eight years, that has won him what is probably the top job in British industrial relations – chairman of Acas, the government conciliation service. The job was publicly advertised for the first time and attracted a strong field – including Brenda Dean, the former print union boss, and Mike Bett, deputy chairman of BT.

Since there have been fewer big industrial disputes in recent years, the organisation has had a lower profile; and its association with the corporatism of the 1970s has even placed a question mark over its future.

But the appointment of a personnel heavyweight like Hougham, who replaces Sir Douglas Smith, the current chairman, on February 19, suggests that Acas's work, especially in the growth area of individual conciliation between employers and employees, continues to be valued. Thanks to the work of Acas only one-third of 1991's 60,000 individual conciliation cases ended up at industrial tribunals.

To some people, Hougham was a surprise choice but he comes with praise from both sides of industry. According to Jimmy Airlie, the main car industry official for the AEEU craft union, he is "tough but shrewd".

Following record losses, Ford is currently in the middle of a big job shedding programme, but Hougham, 55, who is formally retiring from the company, leaving it 30 years to the day after joining it as a graduate trainee in 1963, insists that he is not running away. "In some ways I regret going now but I think we are on course to come out of this difficult period – and who in the personnel world would not want a go at the Acas job?" he says. But he is reluctant to describe any new plans he might have for Acas – "that would be arrogant".

From the perspective of a junior personnel official at Dagenham in the early 1970s he would not have recognised the current calm in British industrial relations. "The changes are not wholly or even mostly to do with changes in the law, the biggest change is the realisation of the need to compete," he says. The biggest change he is likely to have to deal with at Acas will be an increased workload from the public sector.

He will be paid just over £60,000, down from the £80,000-plus earned by Sir Douglas, and less than his undisclosed current salary. "I'm not doing this to become a wealthy man," he says.

Replacing him as head of personnel at Ford is Bob Hill.

'Heavyweights with strong views' picked for Arjo-Wiggins Appleton

Arjo-Wiggins Appleton, the Franco-British paper group, has made a series of appointments which it hopes will reassure its British shareholders. Last year the company had a torrid relationship with its main shareholders following the sacking of its British chief executive, the resignation of a senior British non-executive director and its decision to cut the dividend.

So now AWA has appointed two British non-executive directors, George Loudon and Sir Charles Powell, both described by the company as "heavyweights with strong views".

These appointments redress the balance on the board between French and British non-executives to three each. British investors have been concerned that St Louis, a French group with 39.6 per cent of AWA's shares, has been exercising too much control, to the detriment of majority shareholders.

Loudon is a former director of Midland Bank and chairman and chief executive of its investment banking subsidiary, Midland Montagu. Previously he spent 12 years with AMRO, the largest Dutch bank.

Sir Charles Powell, Margaret Thatcher's former foreign policy adviser, is a non-executive director of the Jardine Matheson group of companies, of NatWest – and chairman of its international advisory board – and of Tiphook, the container group.

At the same time, Gordon Bond, chief operating officer of the highly successful US operations, has been appointed chief executive of the printing and writing paper operations in Europe. This involves responsibility for the European carbonless papers, fine papers and coated papers divisions. He will also be in charge of Ceasa, the group's pulp mill in Spain.

Bond is being replaced in the US by Dale Schumaker, currently chief operating officer of Appleton Papers.

Meanwhile, Ian Kennedy, formerly an executive director at AWA and a non-executive since July 1992, has resigned, having reached normal retirement age.

Watkins turns up at Binatone

Gulu Lalvani, multi-millionaire Asian entrepreneur, founder of privately-owned Binatone, the consumer electronics group, and the man who gave Alan Sugar his first break in 1966, has now poached one of the Amstrad chairman's key aides.

This week Amstrad announced the resignation of Robert Watkins, technical director, in a terse statement. Now, less than 24-hours later, it emerges that Watkins, who has been Amstrad's technical and manufacturing director since April 1983 and was the second highest paid director after Sugar himself, is to be Binatone's new group managing director.

Watkins, who joined Amstrad in 1976, is credited with helping develop many of Amstrad's "blockbuster" products which fueled the group's phenomenal success in the 1980s when turnover peaked at over £600m.

At Binatone he will be responsible for UK and Hong Kong operations, reporting directly to the chairman. Yesterday, Lalvani, a marketing wiz who has built Binatone into a £80m-a-year group now headquartered in Hong Kong, said: "Bob's appointment will help accelerate Binatone's global expansion by maintaining our innovative edge and making our quality electronics products available to consumers worldwide."

The appointment appears to be a significant coup for Lalvani who has sometimes been described as Alan Sugar's mentor, but who looks increasingly like challenging Amstrad head on in the European consumer electronics market.

Binatone has already toppled BT's dominant position in the booming telephone answering machine market in the UK. It also recently bought a significant share in Germany's Loewe Betacom joint venture – previously owned by Amstrad's Betacom subsidiary.

The old friendship between Lalvani and Sugar may therefore be becoming a little strained, although the two are still dining partners when the Binatone chairman is in town. Indeed Lalvani warned Sugar over dinner in November that his 30p-a-share buy-back bid for Amstrad would fail – and it did.

The new bible for opera lovers

Max Loppert reviews the latest dictionary in the Grove opus

The original Grove was Sir George (1820-1900). He was a very Victorian sort of polymath: a builder of bridges and lighthouses by profession, a passionate amateur of the arts who *inter multa alia* conceived of and edited the very first *Grove's Dictionary of Music and Musicians*.

This was published piecemeal from 1879 onwards, and in complete form in 1890. So far, there have been six editions of the Dictionary. The first five remained more or less small operations under the control of a single editor. Then came *Grove 6*, published in 1980, and running to 20 volumes, far more than originally planned; it was edited by not just a main "Grove" – Stanley Sadie – but by three senior consulting "Groves" and 32 executive "Grovelets" in tandem. These facts, and the renaming of *Grove 6* as *The New Grove Dictionary of Music and Musicians* (because almost all articles had of necessity been newly commissioned), may stand as symbols of the growth in the amount and kind of information on musical subjects ready and waiting to be codified to the taste of the late-20th century.

It did not stop there: *Grove 6* engendered a mass of offshoots (long articles published as separate paperbacks), and then a couple of bigger developments – among them *The New Grove Dictionary of American Music* – requiring material new as well as redeployed.

Now comes the latest epic of musical explication linking the Macmillan publishing company to the Grove name. *Opera Grove* is likewise edited by Dr Sadie, decked with editorial assistants, and longer than originally intended. It follows the *Grove 6* layout and model, and claims "New" in its title for much the same reason as did *Grove 6*. That is to say: roughly 90 per cent of the articles have been newly commissioned, with the remainder reprinted from *Grove 6* (and, on occasion, altered and/or cut without the original writer's sanction, as I can personally testify).

On the other hand, the four volumes stand taller and look even handsomer than the 20 of *Grove 6* (plush red instead of plain brown covers, gilt topping). The statistics relating to their contents – more than 5,700 pages, nearly 3,000 entries on composers and more than 2,500 on singers alone, with many others on related opera performers and departments, technical terms, theatres and cities with operatic links and traditions – are astonishing.

But then, this is altogether a pretty astonishing achievement. The meat of *Opera Grove* lies in its general articles – "Opera" itself, "Libretto" (the longest in the dictionary), "Criticism", "Production",

The dictionary is a monument to the most unstable, labour-intensive, controversial and grandest of the Western performing arts

"Stage Design", "Sociology of opera", and (for its good humour and good sense) Lord Harewood's "Casting" are just some I particularly admire – and in its entries on the composers. These latter stretch wide across the historical span, from the greats to the marginals, from Mozart to the 17th-century Italian Abbatini and the 19th-century Czech Josef Leopold Zvonař. New to *Opera Grove*, and hugely valuable, are the pieces on the most important individual operas of those composers – from *Figaro* to Paliashvili's *Abesalom da Eteri* and Schubert's *Die Zwillingsbrüder*.

The more prominent the composer, the longer and more copiously detailed the entry. Ditto the operas themselves. Complaint about the inclusion of lesser-known figures and works from the past seems to me shortsighted; after all, today's Legrenzi may become tomorrow's Cavalli, once some opera or recording company has newly revealed his merits.

Up-to-date-ness has been achieved, sometimes quite remarkably. William Bolcom, whose first full-scale opera, *McTeague*, had its premiere last October, is in, with eight sensible lines of description on the new opera itself. Indeed, of the noteworthy composers of new operas I have encountered in recent years, only the young Swede Hans Gefors (composer of *Christina*) and the American Meredith Monk (creator of and performer in *Atlas*) lack entries.

This suggests a degree of consistency that, unfortunately, has not been achieved in other subsidiary departments. In his Preface Dr Sadie neatly pre-empts possible criticism on this score: "*The New Grove Dictionary of Opera* has been written by some 1300 people and it no doubt embodies many contradictions."

Nevertheless, the degree and type of inconsistency between articles prove far more considerable than this would seem to suggest. There is a sharp disparity of "tone" between the most abstruse theoretical discussions (e.g. "Analysis"), which seem to have been directed by one academic at another, and most of the rest.

As I recall them (having contributed sections 6 and 7 of "Gluck"), the *Opera Grove* author guidelines were primarily concerned with (house-)style, not substance. For the author this meant welcome freedom from stringent formula-fulfilment; but it has led to a variation in the balance struck between information and evaluation from article to article that will perhaps prove not so welcome to the amateur or newcomer to the subject.

My *FT* colleagues David Murray ("Strauss", full of elegantly expressed, theatre-tested perceptions) and Andrew Clements ("Berg", "Henze" and several later 20th-century figures) are among those who seem to me to get the balance right. Other longer articles I have read that "say something" beyond the merely factual include Rodney Milnes's characteristically zestful polemic in defence of Massenet, Richard Taruskin brilliantly acute on Prokofiev and Mussorgsky, Julian Budden re-evaluating Puccini with magisterial clarity and fairness, Amanda Glauert's judicious survey of Humperdinck, Richard Osborne's unfailingly lively "Rossini"; by contrast, Julian Rushton ("Mozart") and Anthony Hicks ("Handel"), both undoubtedly scholarly in their grasp of fact and text, fail to illuminate their subjects as it were from within.

A more serious inconsistency arises in the longer single-work entries. Some give the details of first casts and those of important revivals, some do not. Some indicate key recordings, all the more important when the work is a rarity, some do not. This particular failure, an editorial rather than an authorial one, is significant. Recordings are for many people the main entry into the world of opera; the *Opera Grove* supply of discographical information is at once parsimonious and frustratingly uneven, leading to the curious situation that so huge and fact-filled a dictionary on opera should nevertheless require other sources of basic information to supplement it. I would have been happy to sacrifice the all-too-numerous entries on minor British singers to fill in at least the basic gaps.

In the matter of the singers' entries, the inconsistencies are of a different but even more troubling order: a favouritism amounting at times to absurdity in coverage of the British, and the sheer disparity in quality between the most illuminating pieces and the thuddingly unilluminating ones – the latter unfortunately far more generously supplied.

All dictionary-reviewers play the inclusion-exclusion game, and no doubt Dr Sadie is already hardened to its niggly results; but – just to take the example of lower-voiced male singers – it seems to me incomprehensible that the Englishmen Roderick Kennedy, Roderick Earle and Matthew Best, honourable second-rankers all, should have been included (with, however, no mention of Mr Best's conducting sideline) when no place was found for the Frenchman François Le Roux (leading Pelléas of our day), the Russian Vladimir Chernov (newest important "Italian" baritone), or the German Franz Grundheber

One complaint is the uneven supply of discographical information, which is especially frustrating when the work is a rarity

(leading Wozzeck of our day).

What distinguishes the illuminating singer's entry from the opposite kind is difficult to analyse. Still, when examples lie to hand of J. B. Steane and Desmond Shawe-Taylor at their most discerning on the "historicals", the reader may well come to regret all the more the prosaic stuff that is poured out to serve the current crop of singers. So many of them are deemed in some way "ideal" or "unrivalled" that the epithets soon lose their clout. This is clearly a part of the same "feel-good" factor that caused, say, Alan Blyth's vivid *Grove 6* summing-up of Gwyneth Jones to lose all mention of the "uncomfortable beat" in her tone when re-cycled in *Opera Grove*; and it often leads to the evasion of all "negative" characteristics, even when these are common knowledge.

The situation with regard to other operatic executants is less vexed. Barry Millington's accounts of "controversial" producers such as Ruth Berghaus are a pleasure to read for their lucid, balanced judgment. But still, the matter of who gets in and who does not causes puzzlements. Conductors: Lionel Friend but no Michel Plasson, Mark Ermler, Carlo Rizzi, Paul Daniel, or the late Pierre Dervaux or Charles Groves (musical head of two British opera companies during his lifetime).

Opera-house bosses: the ENO men Arlen, Harewood and Jonas, quite properly, but no Jeremy Isaacs, Nicholas Payne or Elaine Padmore. Critics require also to have produced books or translations to find a place; so it is odd that the *FT*'s Ronald Crichton, William Weaver and Paul Griffiths, all three authors of studies with direct operatic connections, have not. As for Dr Sadie's decision to exclude himself, this is modesty gone mad!

Even after so short an acquaintanceship with *Opera Grove*, I feel strongly that its editorial team badly needed – but failed ever to acquire – the dictionary equivalent of the cinematic Continuity Girl or Boy hovering around the set to ensure that scenes matched up when filmed out of order.

Opera Grove has already been attacked, from the loonier fringes of opera criticism, for an "ideological bias" that runs counter to the notion of opera-as-theatre. For this to be the case, the dictionary would have to show much more care and consistency in organisation and content.

Perhaps this is its saving grace. Probably a more consistent *Opera Grove* could only have been created by a race of operatic *Übermenschen*. Much of it suggests it *has* been so created: that is the wonder of the achievement. The latest *Grove* issue keeps faith with the bridge- and lighthouse-building spirit and enterprise of its founding father: it is a monument to the most unstable, labour-intensive, perpetually controversial and grandest of the Western performing arts.

The New Grove Dictionary of Opera, edited by Stanley Sadie. Macmillan, 4 volumes, £550, 5,724 pages

The lure of classical Italy

William Weaver on an exhibition touring the US

When the American painter Benjamin West first saw the Apollo Belvedere during a visit to Rome in 1759, he exclaimed: "How like a Mohawk warrior." What did he mean? His likening that supremely elegant classic figure, clad only in a decorative cape, to an equally naked James Fenimore Cooper-hero wearing war-paint and feathers, showed a very 18th-century concept of nobility and a profoundly literary attitude towards native Americans. But the reaction also shows the long association between American artists and Italy.

That relationship, is explored in a carefully selected exhibition first shown at the Boston Museum of Fine Arts, *The Lure of Italy, American Artists and The Italian Experience 1760-1914* (it moves on to Cleveland and Houston). West, later to settle in London, is represented by several works, including a portrait of his wife and their oldest son, called Raphael, and as a further homage to the Renaissance artist, West imitated the pose of the *Madonna della seggiola* – a picture often copied by visiting painters to satisfy requests from art-loving customers back home.

West studied other classical works in Rome, among them the Ara Pocis, whose ritual procession is echoed in his neo-classical composition, *Agrippina Landing at Brindisium with the Ashes of Germanicus*, painted after the artist left Italy and settled in England. His powerful patron the Archbishop of York, who had commissioned the picture, then presented it to the King, who also became a patron of West's.

Foreign travellers in those days tended to give Florence short shrift while concentrating on Rome, Naples and its nearby Pompeii and Herculaneum. Italy represented classical civilisation and even in portraits, like the 1775 John Singleton Copley double portrayal of the wealthy Carolina merchant Ralph Izard and his wife, there are numerous references to Roman and Greek culture: an urn, a column, the Colosseum in the distance and, in the middle ground, the 1st century AD group of Orestes and Electra.

As the 19th century began, a taste for landscape developed; and Lake Nemi, the Alban hills, the campagna with the arches of a solitary Roman aqueduct became standard ingredients of often large paintings. The tone was even more arcadian in the works of Thomas Cole and George Inness, major exponents of the Hudson River school, ready to abandon the untamed nature of wild America for Italian landscape rich in literary resonances.

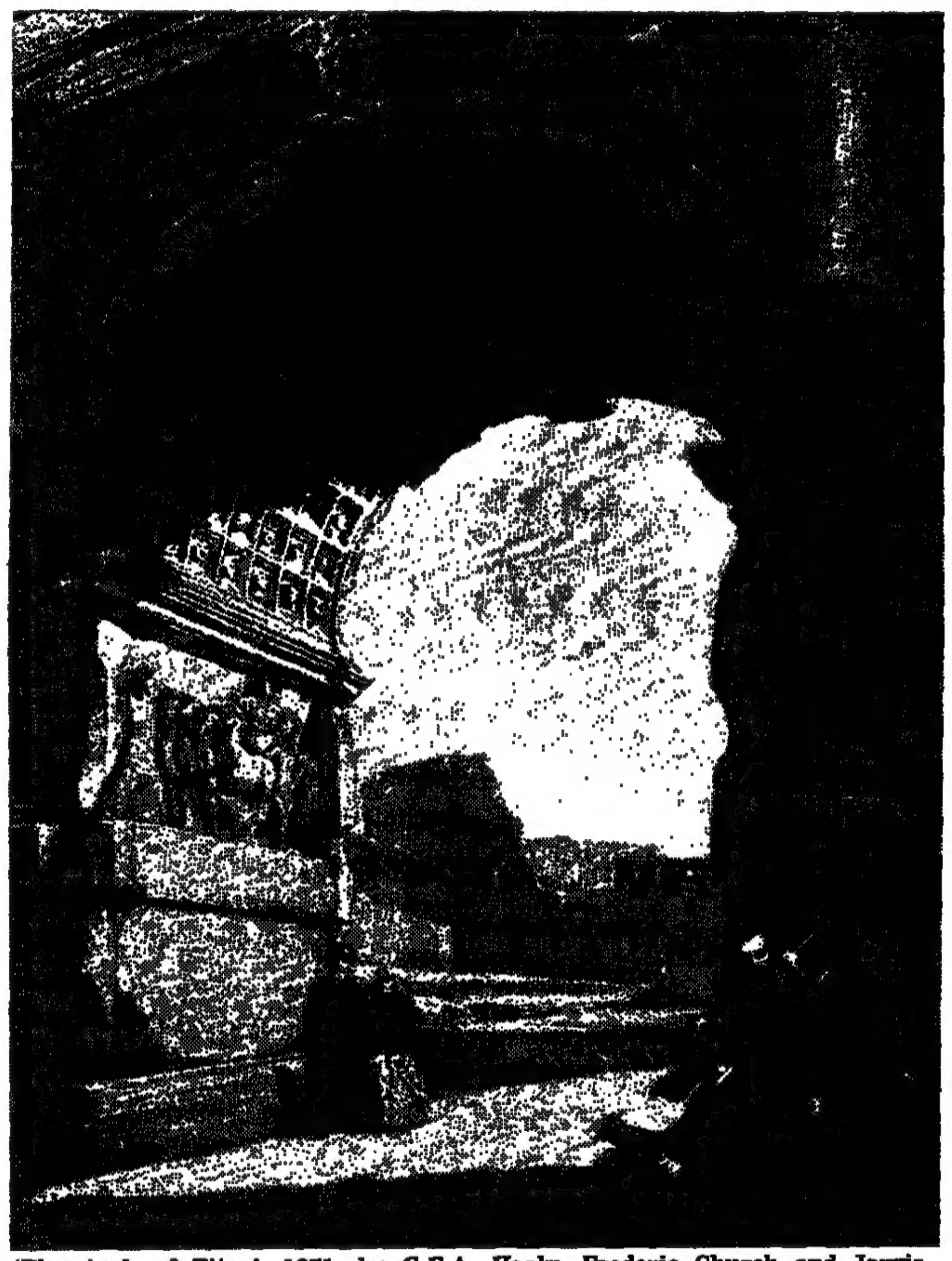
One of the most revealing curiosities of the exhibition is a canvas painted by three men (George Healy, Frederic Church and Jarvis McEntee) in 1871, entitled "Arch of Titus". The arch, framing the colosseum, is certainly the protagonist of the picture, but it also depicts two contemporary groups; one, in the right foreground, comprises the three artists; in the other shows an elderly, white-bearded man strolling with a blond young girl. They are the poet Henry Wadsworth Longfellow and his daughter Edith. Though Longfellow had unkind things to say about Italy he was a devoted scholar of Italian culture and a thoughtful translator of Dante.

Appreciation of American 19th century sculpture has lagged behind studies of the painting of the period; but this exhibition devotes considerable space to the works of Horatio Greenough (a Canova-like, idealised George Washington), Thomas Crawford, William Wertmore Story, Harriet Hosmer and Randolph Rogers.

Some Americans lived in Italy while remaining indifferent to modern Italy; but others shared in the turmoil and excitement of the Risorgimento years. There are occasional reflections of 19th century reality among the works to be seen: Albert Bierstadt's genre scene at the Portico d'Ottavio fish-market has a Fellinian vivacity, and Martin Johnson Heade's "Roman Newsboys", showing two urchins against a wall with Risorgimento graffiti, is perhaps an indirect tribute to the brief Roman republic of 1848-49 , which allowed a free press and the publication of Don Pirione, the satirical sheet that the boys are selling.

By the end of the century, the capital of expatriate artists had moved to Venice, where American hostesses fought over Henry James and Robert Browning, where Whistler visited briefly, as did the neo-impressionist Maurice Prendergast. The Italian-born, cosmopolitan John Singer Sargent paid long visits to Venice, as he did to Rome. The Whistlers and Sargents in this show are particularly appealing.

Prepared bu Boston curator Theodore Stebbins, also responsible for the fine catalogue, *The Lure of Italy* opens at the Cleveland Museum in February, and in May it goes to Houston for six weeks.



'The Arch of Titus', 1871, by G.F.A. Healy, *Frederic Church and Jarvis* McEntee, a curious painting showing the three artists in the foreground and *Longfellow and his daughter under the arch*

Opera/**Andrew Clements**

The ENO's car-lot 'Carmen' returns

David Pountney's car-lot *Carmen*, first seen in 1986, has been revived for a second time by English National Opera. Those who were repelled by it on previous occasions will no doubt stay well clear, but they will deprive themselves of some first-rate performances, not just from Sally Burgess in her return to the title role, but from almost every other member of the cast too.

Truth to tell, Pountney's translations of period and place do very little to illuminate the drama, and perhaps only emphasise that the central issues of *Carmen* are timeless ones. The urban debris of Maria Bjornson's set adds little save a generalised clutter, and for all that modish detail Pountney's production functions very much like a run-of-the mill neo-realist show. It is post-modernism without any teeth, or a meaningful agenda. Perhaps it is just meant as a send-up, but at least it is one that has the tact to recognise those moments in the opera when real emotions come through. Nothing is done to upset Bizet's careful pacing and the musical text seems a correct, uncontentious one.

It is the energy of the revival, supervised by David Sulkin, that sustains the evening most effectively. Justin Brown conducts a very serviceable account that may not always be absolutely idiomatic but recognises that there is no space in this show for contemplation. The pace is never allowed to slacken, and the bustling detail that has gone into the chorus work is vividly portrayed; the ENO chorus and the splendid children's groups work very hard indeed.

So too do the principals. Burgess's predatory, physical, exciting Carmen is presented with extraordinary vividness, every element of her singing, acting and, crucially speaking, is charged with intensity. She is well matched to Edmund Barham's Don José (new to the production). He sings with massive assurance and much style, and visually gives every sense of a hopeless, doomed victim, with no feeling of male superiority here.

There is a nicely frumpy Micaela from Cathryn Pope, a splendid tarty pair of gypsies from Ethna Robinson and Maria Moll and a growling, convincing Zuniga from Richard Angas. The party piece, though, is Donald Maxwell's glitter-rock Escamillo, all camp and coiff, and positively poured into his skin-tight trousers.

Like all jokes, one suspects, the production itself does not repay repeated scrutiny. But the performances do, and that of Ms Burgess especially, which seems to grow steadily in command and compelling intensity.

London Coliseum; performances until February 28. Revival sponsored by *Guinness plc*

INTERNATIONAL ARTS GUIDE

The reopening of the Gemäldegalerie of Old Master paintings in Dresden has been one of the most significant events in the cultural life of the Saxon city since German unification. The museum was built by Gottfried Semper in 1845 to house the rich art collection of the Saxon princes, but by the mid-1980s the fabric of the building had fallen into serious disrepair.

East Germany's Communist government closed the museum in 1988 for a major renovation programme including structural repairs, rewiring, the creation of underground stores and laboratories, and the insertion of climate-control systems, as well as complete redecoration.

Although the budget was cut drastically after the fall of the Berlin Wall, the new political situation allowed free consultation with museums in the West over the latest technical developments, and also opened the way for western financial support.

Nearly DM100m has been spent so far on the renovation, shared by the Land of Saxony and the federal government. The museum has been returned as closely as possible to the decorative scheme devised by Semper.

Despite some criticism of the way some paintings have been lit or regrouped, the renovation has been enthusiastically received.

At the same time, the Rustkammer – the weapons collection of the Saxon princes dating from the 16th century – has been restored with its original decorative features.

While Dresden cherishes afresh its rich cultural heritage, visitors to Munich can admire the remarkable artistic legacy of Frederick the Great of Prussia, in an exhibition mounted by the Foundation of the Hypo-Kulturstiftung at its gallery in Theatinerstrasse.

Major works by Rubens, Rembrandt and Van Dyck have come from Frederick the Great's private gallery at Sanssouci in Potsdam and from public collections in New York and Washington.

Antoine Pesne, one of the most important German 18th century portraitists, is represented by 15 paintings. There are also paintings by Watteau and the painter-architects Knobelsdorff, von Graff and Roslin. The exhibition runs till February 28.

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum North Netherlandish Art 1580-1620. Ends March 7. Also Gao Qipel (1660-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon
Van Gogh Museum Glasgow 1900. Ends Feb 7. Daily

ANTWERP
Musée Royal des Beaux-Arts From Brueghel to Rubens: the Golden Century of Flemish Painting 1550-1650. Ends March 8. Closed Mon

BARCELONA
Palau de la Virreina David Hockney: 73 paintings. Ends Feb 28. Daily
Museu Picasso Picasso: 180 paintings from the Ludwig Collection. Ends Jan 31. Closed Mon (Carrer Montcada 15-19)
Fundacio Caixa de Catalunya Photographic Reporting behind the Iron Curtain 1945-90: a chronicle of events in eastern Europe since the Second World War, with work by more than 40 photographers depicting the Hungarian uprising, the Berlin Wall, Prague Spring, the rise of Solidarity, the arrival of Perestroika and the fall of Ceausescu. Ends Feb 10. Closed Mon

BASLE
Kunstmuseum Five members of Group 33: a retrospective of several Swiss artists, all born between 1900 and 1910, who drew common inspiration from Matisse and Surrealism, and formed a summer artists' colony in southern France from 1928 to 1935. Ends March 7. Also Gustav Stettler (1912-1982) and Max Kampf (b1913): paintings and drawings by two of the most influential Basle-based artists of this century. Ends Feb 7. Daily

BERLIN
Neue Nationalgalerie Picasso: the post-Guernica period 1937-1973. Ends Feb 21. Closed Mon
Alte Nationalgalerie The Collection of Count Raczynski: Paintings of the late Romantic era. Ends Feb 14. Also Art in Germany 1905-37. Ends April. Closed Mon and Tues
Brücke Museum Painting and Sculpture of the Brücke. Ends April 4. Closed Tues

DALLAS
Museum of Art The Impressionist and the city: Pissarro's series paintings. Ends Jan 31

DRESDEN
Zwinger French porcelain in Dresden: during a visit to Paris in 1809, August I of Saxony received as a gift from Napoleon a collection of French imperial porcelain, about 50 pieces of which have survived in reasonable condition. Ends April 16. Closed Fri

FRANKFURT
Schirn Kunsthalle Edward Hopper (1882-1967): 160 paintings, watercolours and drawings by the realist painter of urban America. Ends Feb 14. Also Gabriele Münter (1877-1962): retrospective of the influential German artist. Ends Feb 10. Daily

LONDON
Royal Academy of Arts The Great Age of British Watercolours: 300 works by Turner, Blake, Cotman and others, illustrating how between 1750 and 1880 the role of landscape painting and the perception of the natural world underwent a series of revolutionary changes. Ends April 11. Also Sickert retrospective. Ends Feb 14. Daily
Accademia Italiana Ruskin and Tuscany: 270 exhibits showing the impact of Tuscan culture on the Victorian polymath who became the most influential art critic and cultural historian in mid-19th century Britain. Ends Feb 7. Daily
Tate Gallery Visualising Masculinities: 13 paintings and sculptures exploring questions about the display of the male body in art since the mid-19th century. Ends June 6. Daily
National Gallery Munch: The Frieze of Life. Advance booking through First Call 071-497 9977. Ends Feb 7. Titian's Portrait of a Young Man, acknowledged as the most beautiful male portrait by Titian in private ownership, is now on show under a loan agreement with Halifax trustees. Daily
British Museum Howard Carter: before Tutenkhamun. Ends May 31. Daily
Design Museum Scandanavian design in Britain 1930-70. Also New Directions in Scandanavian Design. Ends Feb 28. Closed Mon

MADRID
Fundacion Juan March Kasimir Malevich (1878-1935): 42 oil paintings by the Russian artist who invented Suprematism and painted the picture which should have ended all abstract pictures – a white square on a white ground (1918). Ends April 4. Daily

NEW YORK
Metropolitan Museum of Art Ancient Near Eastern Treasures in the Louvre: 200 works representing a century of French archaeological excavation in Iran. Ends March 7. Closed Mon
Whitney Museum of American Art The Geometric Tradition in 20th century American Art. Ends Feb 14. Also Agnes Martin: 80th birthday retrospective. Ends Jan 31. Closed Mon

PARIS
Musée d'Orsay Sisley. Ends Jan 31. Closed Mon, late opening Thurs (quai Anatole France)
Musée d'Art Moderne de la Ville de Paris Figures du Moderne: 450 works by Kandinsky and other Expressionists. Ends March 14. Closed Mon, late opening Wed (11 ave du President Wilson)
Louvre Veronese's The Marriage at Cana: an exhibition devoted to the restoration of one of the Louvre's largest pictures. Ends March 29. Closed Tues (Salle des Fêtes)
Louvre Pannini (1691-1765): painter of town perspectives and chronicler of ceremonial festivities. Ends Feb 15. Closed Tues (Pavillon de Flore)
Petit Palais French drawings of the 18th century. Ends Feb 14. Closed Mon (ave Winston Churchill)
Musée Picasso Crucifixion: an exhibition built around Picasso's masterpiece of 1930, and including works by Bacon, Sutherland and de Kooning which were influenced by it. Ends March 1. Closed Tues

ROTTERDAM
Museum Boymans-van Beuningen French Masterworks 1600-1800 in Dutch collections: 49 works by Watteau, Chardin, Claude Lorrain, Boucher, Champaigne and others. Ends March 7. Also Etchings by James Tissot (1836-1902): prints of everyday life in English society, showing the French artist's keen psychological insight. Ends Feb 28. Closed Mon

STUTTGART
Staatsgalerie Juan Gris (1887-1927): more than 100 paintings, collages and drawings by the Cubist pioneer. Ends Feb 14. Closed Mon

WASHINGTON
National Gallery of Art Watson and the Shark: an exhibition based on the painting by colonial American artist John Singleton Copley depicting a dramatic rescue in Havana harbour. Ends April 11. Also The Greek Miracle: Classical Sculpture from the Fifth Century BC. Ends Feb 7. Contemporary Drawings and Prints from the Permanent Collection: 123 works by David Hockney, Jasper Johns and others. Ends March 14. Daily

No soft touch for business

Karel Van Miert, new EC competition commissioner, talks to Andrew Hill

Earlier this week, a British newspaper described Mr Karel Van Miert, the European Community's new competition commissioner, as "an old-style socialist".

It was a description which made the Belgian commissioner laugh: he says he intends to exercise EC competition rules "without ideological preconceptions". Mr Van Miert's style, it seems, will be different from that of his predecessor, Sir Leon Brittan, a British free-trader and former minister under the then Mrs Margaret Thatcher.

Sir Leon was often criticised for pursuing an unbending hard line against cartels, state subsidies, anti-competitive mergers and national monopolies. Together, he and Mr Peter Sutherland, the Irish commissioner who preceded him, built a strict competition policy into the backbone of the European single market.

When Mr Van Miert was appointed before Christmas, companies and governments that had fallen foul of Sir Leon breathed a sigh of relief, believing competition policy would be relaxed. Under Mr Van Miert, the thinking went, private-sector groups bent on expansion through takeovers would be subject to less rigorous scrutiny from Brussels; plans to liberalise national energy, telecoms and postal monopolies would be shelved; and governments would be given more leeway to subsidise loss-making state industries.

This view is too simplistic. First, Mr Van Miert has already demonstrated that he is no soft touch for big business. In his previous role as transport commissioner, he pushed through measures to liberalise the sheltered EC air transport market, despite the initial reservations of France and southern EC member states and some of the Community's largest airlines. Opponents won some concessions, notably on the timing of full liberalisation, but Mr Van Miert's low-profile negotiating style achieved the desired result: open competition on all EC routes by mid-1997.

This week, in his first interview since taking office, Mr Van Miert told the Financial Times he would adopt a similar approach to competition policy: determined, even-handed and pragmatic. The existing competition rules, he stressed, have not changed, but "from a philosophical point of view, there might be a different attitude on . . . how to cope with the rules".

In particular, Mr Van Miert explained, a strict competition policy would not be the sole guiding principle in anti-trust and state aid decisions. He said industrial, regional, social and environment policy should also be taken into consideration.

"I think the economy should be efficiently run, which means a fully fledged competition policy should be one of the main instruments," he said. "But competition is not the ultimate goal of the economy. The ultimate goal is for the economy to perform for the people, so that everyone gets his fair share and companies have a good environment to prosper, to invest and to be competitive."

How would this attitude work in practice? Mr Van Miert would not talk about specific cases, but referred to the three main areas of his work:

● Mergers. Mr Van Miert has to work within the strict framework of the 1990 EC merger rules. Under them, simple decisions are taken by the Commission's merger task force and only initialled by the commissioner. Sometimes, however, the attitude of the competition commissioner is crucial. The controversial Franco-Italian takeover of de Havilland, the Canadian aircraft manufacturer, was only blocked by the Commission in 1991 because of Sir Leon's fierce opposition. Competition lawyers in Brussels believe Mr Van Miert might not have taken such a strong line.

Mr Van Miert himself suggested that in cases where the Commission is likely to oppose a merger, the companies themselves should be allowed to decide how the deal could be amended to meet Commission objections. That could mean an end to the

Karel Van Miert: pragmatic

detailed negotiations between Commission and companies, which were a feature of Sir Leon's application of merger policy. "I feel we should avoid as much as possible, intervening directly in the responsibility of how companies are run," said Mr Van Miert. In practice, however, he may have to make deals – or face the unpalatable option of blocking a merger outright.

'I think the economy should be efficiently run, which means a fully fledged competition policy should be one of the main instruments'

● *Monopolies.* Sir Leon Brittan told Mr Jacques Delors, the Commission president, that he would make liberalisation of state monopolies his principal aim, if he was given a second term. That may have been one reason why Mr Delors believed it was prudent to move Sir Leon from competition to the external trade portfolio – a move welcomed by Mr Delors' compatriots in France.

But in spite of the optimism of French energy and telecommunications utilities, Mr Van Miert said he had not shelved the Commission's special powers to liberalise anti-competitive monopolies. Much will depend on whether Mr Abel Matutes, the new energy commissioner, and Mr Martin Bangemann, who has added telecommunications and postal services to his industry portfolio, will want to enlist Mr Van Miert's support for an aggressive campaign against such groups.

● *State subsidies.* Competition lawyers and officials within the Commission believe this is the area where Mr Van Miert will face the most challenges to his authority. "One of the most interesting things to watch will be whether industries in crisis are going to be subject to special rules," said Mr Michael Reynolds, a partner in the Brussels office of Allen & Overy, the British law firm.

Sir Leon upset the French, Italian and Spanish governments by taking an extremely tough line on illegal state aids. But as the recession deepens in Europe, the pressure on governments to subsidise ailing industries is increasing. As Mr Van Miert put it: "These will be the most difficult decisions because of the economic situation, the difficulties in many sectors and because the margin for different assessments is bigger than in other [areas of policy]."

As if to underline the point, one of the first ministers to seek advice on Mr Van Miert's attitude to state intervention was Mr Michael Heseltine, president of Britain's Board of Trade, who came to Brussels yesterday with his suggestions for easing pit closures in the coal industry through subsidies. Mr Van Miert suggested in the interview that he may try to release the pressure on industries suffering from recession by giving governments longer in which to reduce state subsidies.

What Mr Van Miert now needs is a series of cases on which to cut his competition teeth. Followers of competition policy are concerned that he has not altered the composition of his cabinet to include any competition experts, but officials in the Commission's competition directorate are cautiously optimistic. "We have a very professional commissioner, who's experienced and with whom we feel quite comfortable," one official said.

Certainly his public profile is likely to be lower than that of his predecessor. Sir Leon delivered more than 400 speeches in his four years as competition commissioner. Mr Van Miert made about half that number as transport commissioner.

Joe Rogaly

Lesson on the fax of life

Pillow-talk should be sacrosanct. What people say to one another in intimate moments is nobody else's business. The question of the week is – how can the personal privacy which is surely everyone's birthright be protected?

The answer is not readily apparent. It is certainly not to be found in Sir David Calcutt's report on the British press, published yesterday. For technology has made our bedroom walls transparent. The tapes purporting to record conversations between Prince Charles and Mrs Camilla Parker-Bowles are said (nothing is sure about any of this) to have been snatched from the airwaves by equipment able to receive and record conversations carried out on mobile telephones. The same result might conceivably have been achieved using other familiar gadgets, such as bugs, directional microphones, or ordinary telephone taps. The rapid growth in use of portable phones has, however, vastly increased the potential yield from electronic eavesdropping. The relative cheapness of scanners and receivers has multiplied the number of amateur listeners-in.

Add in faxes, and you change everything. Attempts to prevent disclosure of the contents of the "Prince Charles" tape in England would have been difficult enough when foreign publications were willing to print the prurient material in full, as many did. Facsimile transmission has made effective censorship virtually impossible. Once the transcript had been published in Australia, it was in the global public domain. Copies were quickly faxed to friends and contacts in Britain, where most newspapers shrank from full disclosure, at least for a while.

A slightly older device, the photocopying machine, assisted distribution in London and elsewhere. Within half a day of the appearance of New Idea magazine in Sydney the contents of the tape were being distributed in buildings not five minutes' walk away from Buckingham Palace. This is the samizdat of the western world. We may have to live with it. If we want to stop it, we have to invent rules not yet thought of. We are confronted with new fax of life.

Sir David's report makes a breathless attempt to catch up with these unpleasant side-effects of the microchip. He notes that the latest generation of mobile telephones, which use digital technology, incorporates a "sophisticated encryption system", which will be "beyond the means of casual users of radio scanners to break". Possibly, but for how long? In any case there is no way of telling whether the snoopers who recorded the recent conversations ascribed to both Prince Charles and Princess Diana were "casual users" of scanners or professional spies. Lord William Rees-Mogg has suggested that the appearance of such high-quality tapes, free of atmospheric interference, is an indication that the security services must have produced them. The heads of the services have denied this. We may choose to believe them, but *if* the material is genuine, and *if* it is on some government tape, it would take only one disgruntled spy to steal it.

Sir David's report makes a breathless attempt to catch up with these unpleasant side-effects of the microchip

In short, electronics is more powerful than the law. Sir David ruminates about banning the sale of scanners, but acknowledges that this might be contrary to the Treaty of Rome. I would add that, while gadgets exist, people will find ways of acquiring them. Continental pornography is available by satellite in Britain to those who buy unscramblers. It cannot be kept out. Sir David notes that the Interception of Communications Act is supposed to protect private telephone conversations. If the attorney-general had wanted to prosecute whoever recorded the so-called Princess Diana tape (assuming it to be a private citizen, and assuming that he or she had been caught), it would have been necessary, he says, to establish that the callers "did not intend their conversation to be intercepted". He advises the government to think about strengthening the law on telephone bugging. It has already accepted this advice.

It should, however, think long and hard before adopting any of Sir David's recommendations. Fortunately the heritage secretary, Mr Peter Brooke, intimated in the House of Commons yesterday that there is to be no statutory press complaints tribunal. Sir David went too far there. As to the rest, the prime minister made up his mind long before yesterday's report – probably when the telephone conversations of his friend Mr David Mellor, the former heritage secretary, were tapped. Physical intrusion into private property is therefore to become a criminal offence, unless a public interest can be shown. That means no more foot-in-the-door, bugging or stealing snapshots with a telephoto lens. To stand a chance of being equitable, such a law should apply to all citizens. It should not be specific to the media.

The government has been divided about a privacy law, which the lawyers in the cabinet rightly perceive to be extremely difficult to draft. No longer. It will now consider the idea, although Mr Brooke acknowledged that such a law would have to take account of a wide range of "human and technological activity". I have written here in favour of introducing a tort of infringement of privacy, if it applied to ordinary citizens rather than public figures. There would be a public interest defence. Sir David favours something on these lines, but fails to add the other half of my proposed trade-off: a Freedom of Information Act.

Since there is to be no such deal, the press opposition to all of Sir David's recommendations is likely to be fierce. The Tory tabloids that helped put the Conservatives back in office last April have been fighting against the government for half a year now. Peace is not in sight. Yet the press needs public support. People buy the scandal sheets, and devour their contents, but hate the purveyors. Popular newspapers should practise the self-restraint that they discovered for a few nervous hours as they awaited Calcutt this week. If they do, they may yet see the proposed privacy bill fade away.

Once I would have mourned its passing; now, under the rule of the scanner and the fax, I wonder whether it will make any difference whether we have one or not.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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PM must make MI5 accountable

From Ms Barbara Roche MP.

Sir, You reported ("MPs press for scrutiny of security services", January 14) that the prime minister is undecided as to whether to include parliamentary accountability of MI5 in his legislative plans.

As he claims to believe in open government, John Major should, for once, overrule his home secretary and act decisively. Kenneth Clarke told the home affairs select committee during our investigation: "I will account [for MI5] and I will not answer any of the tantalising questions."

Such a cynical dismissal of an all-party committee attempting to do its job is breathtaking. Taxpayers who fund MI5 have a right to know how their money is spent. Allegations of MI5 involvement in the arms-for-Iraq, Matrix Churchill and now the "Camillagate" affairs do nothing to boost public confidence in the security services. Clearly the committee would not wish to risk endangering life by interfering in operational matters, but it is high time the prime minister acted to ensure that the policies, administration and spending of MI5 are fully accountable to parliament.

Barbara Roche,
member of home affairs committee
House of Commons,
London SW1A 0AA

No wastage in commercially minded construction quango

From Sir Clifford Chetwood.

Sir, I read with interest your article, "Resurgence of quangos defies Thatcherite initiative" (January 14).

The Construction Industry Training Board (CITB) does not receive direct funds from the government but collects a statutory levy from the construction industry and contracts with Training and Enterprise Councils and Local Enterprise Companies for further funding of training schemes.

The CITB is controlled and run for the benefit of the industry by senior executives of the construction industry, two trade unionists and two representatives of further and higher education.

The inference in the term quango is of a flaccid organisation with no commercial controls, which wastes government and public money. This certainly does not apply to the CITB, which is run on commercial lines, with up-to-date management controls.

There are direct links with the industry, through the Federations' Advisory Committee and our network of 13 regional advisory committees which includes one for Scotland and one for Wales.

We have an independent audit committee conforming with the Cadbury Report and which reports direct to the main board of the CITB.

On the question of accountability, an annual consensus is sought by government from the industry before parliament is asked to renew our statutory powers in the Annual Levy Order.

The essential factor that motivates the CITB is the need to give "value for money".

Finally, in the difficult climate that the construction industry operates under at this moment, it is agreed in the industry that without the CITB very little training would take place and many thousands of young people would be on the dole rather than pursuing training towards a craft qualification. If we are a quango, we certainly do not warrant the implied criticism of your article.

Clifford Chetwood,
chairman, CITB,
24-30 West Smithfield,
London EC1A 9JA

Shetlands confident of overcoming oil disaster

From Mr M A P McArthur.

Sir, The full impact of the oil spillage on the Shetland islands will not be known for many months, perhaps years.

The oil industry is very much part of the way of life in Shetland and will continue to be so for a long time to come. However, in addition to the measures which have long been in place through Shetland Islands Council to manage Sullom Voe tanker traffic, there must also be increased national and international efforts to ensure the safe marine transportation of oil and the protection of the environment by the introduction of additional maritime regulations.

We must not underestimate the difficult times that we face, but neither should we overstate them. Our economy has a solid base and we have an excellent name for producing quality goods and providing good services. It is very important to let everyone know that we are not going to allow this disaster to rule us or affect the quality of any of our products or services.

The Shetland community is made up of resilient people and we will overcome any difficulties before us. We ask that our customers continue to have faith in our ability to supply quality products and services.

M A P McArthur,
chair,
Shetland Chamber of Commerce,
122 Commercial Street,
Lerwick, Scotland ZE1 0HX

Regulators giving unsatisfactory support at grassroots level

From Mr Alan Simpson.

Sir, There are two dimensions absent from your excellent leader, "Reviewing the Regulators" (January 13).

There is currently a debate instituted by the Post Office Users National Council (POUNC) on the need for an advisory body to represent the public interest and to carry out independent research and auditing, in addition to a regulatory body for a privatised utility with monopoly power. For example, in the case of the Post Office, the government is the regulator and POUNC the advisory body.

As secretary of Bridport's local advisory committees for both the Post Office and Telecommunications, I do not find my relationship with Oftel as regulator altogether satisfactory.

It is my considered view that Oftel does not give grassroots advisory bodies enough support and specific advice.

The other matter is concerned with the quality of information on which regulators act. It is now commonplace to read of unsatisfactory audit reports from accountants, despite estimates suggesting that Britain employs per capita almost 10 times as many accountants as the Japanese economy.

How can the regulators do their job if the information on which they act is flawed or unreliable? This is another argument for an independent advisory body capable of building up authoritative research to support a function of impartial advice to users and the government.

Alan Simpson,
18 Dodhams Farm Close,
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Ignorance that makes 'Christian west' fear militant Islam

From Alum Bati.

Sir, Isn't it depressing? Day after day we read about "militant Islam" ("Cold war warmed over: Militant Islam has become the west's new evil empire", January 13), but what is depressing is not so much the perceived spread of Islamic militancy but the west's inability to understand the causes or to make any rational judgment about the future.

Edward Mortimer is, unfortunately, quite right in believing Islam has become the bogey of the west. One should clarify this and say "the Christian west" because there is no doubt a strong hint of religious prejudice in its reaction. Added to that is the age-old fear of the great-unwashed taking their destinies into their own hands. For sure, this all leads, temporarily, to chaos and turmoil in the countries concerned but why should anyone else care? Is it a burning morality, with the west wanting to uphold the rights of individuals? Algeria's experience would suggest not. So what is it that causes the west to fear the so-called Islamic revival? I would venture to say little more than ignorance and prejudice.

The Islamic movements are merely expressions of the common people against corruption, exploitation and oppression. In Latin America, the same people have turned to the Catholic church. In eastern Europe, they once turned to communism. These are simply conduits – the vast majority have little real understanding of any of these ideologies but they find them a good frame of reference. They are comfortable with them. Islam is not really what is important to the Islamic movements. When the other aims are achieved, the momentum behind the movements will dissipate. The west, by opposing these movements, simply strengthens them. Instead, it should learn to keep its nose out of others peoples' troubles.

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Friday January 15 1993

The black hole of Calcutt

IT APPEARS that the most draconian proposal in Sir David Calcutt's review of press self-regulation, a statutory press tribunal, has already been dismissed by the government. This, at least, may be unreservedly welcomed.

The idea that the correct response to the shortcomings of Britain's press is to establish a government-appointed inquisitor, with the power to fine newspapers and prevent publication of articles which violate its standards, is one of the most ill-judged to have reached the public policy agenda for many years. It would have led to a form of official censorship unknown in peacetime Britain since the 17th century.

So what of the rest of Calcutt Two? It has three main components: a review of the Press Complaints Commission, a self-regulatory body set up after the first Calcutt committee report in 1990; and a reconsideration of two specific matters raised in Calcutt One, namely the laws on privacy and telephone interceptions.

The bulk of the report concerns the PCC, about which Sir David has two grievances: that it was not established entirely along the lines recommended in his first report and that it has failed to command public confidence. On the first point, Sir David is right, but he then hurries without presenting serious evidence to the second and his draconian conclusion. This precipitate reasoning undermines one his best points: that the commission would have a better chance of establishing its credentials if it had more non-press members. It follows that a more balanced commission would also have more authority to consider revisions to the press code of conduct, a number of which Sir David canvasses. These are points the commission should entertain when it responds to the report.

When it comes to privacy, Sir David argues that "it cannot be said that there has been a serious breakdown of the system which has been put in place". He then proposes a criminal law on the subject, adding that a remedy in civil law might be an acceptable second best.

This is a complex matter of deep concern, since the freedom of ordinary people to live quietly is to be valued not much less than the freedom to publish. But Sir David's proposal to create a criminal offence of entering private property without consent with a view to obtaining information for publication is fraught with difficulty. How, in practice, would courts interpret the proposed journalist's defence of pursuing "seriously anti-social conduct" or "matters directly affecting the discharge of any public function of the individual concerned?" Where does the behaviour of Mr David Mellor fit into these definitions, or indeed that of some members of the royal family? Similar difficulties attend the idea of a tort of privacy, along with a further one: only the rich would be able to use it, given the state of the legal aid system.

The most fundamental objection to Sir David's approach, however, is that he in effect proposes laws only to stop journalists snooping. What about the credit rating agencies, debt collectors, local government people and immigration officers? The only sound basis for press law is to require that journalists obey the law of the land - without privilege and without discrimination.

Recent events suggest that the laws on trespass and telephone bugging contain serious gaps. The government would do well to focus on plugging them.

Blue Arrow

RARELY THESE days does a clearing bank get the better of the government. However, the Department of Trade and Industry has spent £2.4m on an image-improvement exercise for NatWest.

The DTI yesterday published the report of its second investigation into the bank's role in the Blue Arrow affair. The investigation was prompted in April by a request from NatWest's chairman, Lord Alexander.

He had been concerned that the bank's image was being tarnished by allegations that it had concealed documents from the original DTI probe in 1989. These allegations were made during the Blue Arrow trials in 1991 and were widely reported in the press. Mr Tom Frost, then NatWest's chief executive, was the target of particular criticism.

However, Lord Alexander was convinced of the bank's innocence. He was totally vindicated yesterday.

The DTI inspectors are so dismissive of the allegations that there must be a question of why a full-scale inquiry was needed. The DTI's internal inspectors could surely have satisfied themselves that no second inquiry was needed – and the DTI could have made a statement to that effect.

Instead two highly paid lawyers and an accountant were employed by the DTI to carry out a full investigation. The worst judgments that they can make of NatWest was that it was inexperienced in investment banking and inefficient – which is a case of stating the obvious.

On the other hand, the DTI has succeeded in further denting the Bank of England's reputation as a supervisor, which was bruised enough last year by widespread criticism of its supervision of the Bank of Credit and Commerce International, the corrupt international bank.

Though yesterday's report makes no direct criticism of the Bank, it demonstrates a lack of aggression in the Bank's work in maintaining the probity and soundness of UK banks. The introduction into the Bank of a new investigations department and a new legal unit, both run by outsiders, has come not a moment too soon.

Keep competing

THE ARRIVAL of Mr Karel van Miert as EC competition commissioner seems already to have raised hopes and fears in roughly equal measure. To those who regarded Sir Leon Brittan as an unreconstructed Thatcherite, Mr Van Miert's credentials may seem agreeably middle-of-the-road. For those who adhere to the idea that interventionism is the primrose path to economic inefficiency, their champion seems to be defecting to the enemy.

Mr Van Miert's actual views, as reported on the opposite page, scarcely bear out either view. Indeed, he has limited scope for change, since most of his new job consists of applying existing rules. But in merger policy especially, hard cases will inevitably come his way; and it is here that there is room for unease.

In anti-trust issues, Mr Van Miert says, competition should not be the only criterion: industrial, social and other factors also apply. Indeed they do, but they are not the business of the competition commissioner. There are powerful lobbies against competition, at the corporate and national level. The beneficiaries of competition are the general public, who do not have a corresponding voice. Although industrial and competition policy ought to be two sides of the same coin, in practice they are often at variance. If the result is to be a productive compromise, it is above all necessary that the competition commissioner should fight his corner.

This is not to say that the job is a purely negative or static one. In particular, the single market will bring pressure for merger in some industries, as a direct result of the increase in competition and the enlargement of the market itself. If the result is improved economic efficiency, there would need to be powerful arguments for blocking it on competition grounds.

One of the important aims of the single market, after all, is to produce companies which are capable of competing on a world stage. That is an industrial policy objective. But competition policy need not be at odds, provided trade policy allows relatively free competitive entry for imports into the EC; and that is now a matter for Sir Leon.

There is also room for initiative on the vexed question of national monopoly in utilities such as telecommunications. This is a politically sensitive area. But introducing genuine pan-European competition into these markets is not only desirable in itself. It is also an essential step in establishing a single market in utilities, which is much to be desired in terms of economic efficiency.

There is another reform to which Mr Van Miert could usefully address himself. An obvious flaw of the EC system of regulation is its lack of transparency at any level. Neither the competition directorate nor the Commission are obliged to explain and defend their decisions, as the competition authorities do in the UK. The idea is occasionally mooted of a separate EC cartel office on the German model. That may be a step too far. But anything Mr Van Miert can do to explain what he is up to would save industry a good deal of second-guessing. Indeed, transparency and accountability are the best guarantee of a fair competition policy, and therefore the strongest underpinning of Mr Van Miert's moral authority.

Deadlocked in a costly embrace

In the wake of this week's bombing raids on Iraq, Roger Matthews explains why the west's continued confrontation with Saddam Hussein is fraught with risk

Few recent international tragedies have become so rigidly and hopelessly institutionalised as the one being inflicted on the people of Iraq. Wednesday's raid by allied aircraft on the south of the country serves principally to confirm the extent to which President Saddam Hussein on one hand, and the US, Britain and France on the other, are locked into positions from which there is no retreat and equally little sign of advance.

The political career of Saddam Hussein since he fully assumed the leadership of Iraq in 1979 has been characterised by military conflict and relentlessly narrowing options. For all but four years since then Iraq has lived on a virtual war footing. The survival of the regime became, during the eight-year war with Iran and in the wake of of the crushing defeat in Kuwait, the only rationale of government.

Saddam's behaviour might appear less irrational to western governments if it was better understood that domestic repression and external threats are the sole remaining pillars of his authority. He came to power imbued with dreams of Arab leadership as Egypt was abdicating that role by making peace with Israel. He tried to live out the dream by attacking Iran and later Kuwait. Both adventures were disasters for Iraq, but the flag he raised of Arab defiance to Persian and western ambitions, flutters still, albeit raggedly.

The Iraqi regime is bound to remain defiant because domestically it cannot risk appearing anything less

Having marched down this road so consistently and for so long Saddam has no alternative but to continue. The effectiveness of sanctions offers him no possibility of improving living conditions for the bulk of the population. The generous compensation given to the families of soldiers killed in war has long since ceased. Inflation is rampant, medical and food shortages are worsening.

It is possible that the tolerance of the Iraqi people will finally snap or an assassin will put an end to Saddam. But in the absence of such unpredictable acts the western allies are faced with an open-ended policy of containment and with it longer-term risks for the overall stability of the region.

The Iraqi regime is bound to remain defiant because domestically it cannot risk appearing anything less. It may for a while appear to accept the implementation of United Nations resolutions, such as the return of weapons inspectors to Baghdad and the removal of missiles systems from the exclusion zone north of the 36th parallel and south of the 32nd. But the very nature of the allied response on Wednesday to his repeated provocations will almost certainly tempt Saddam to probe again within weeks or months.

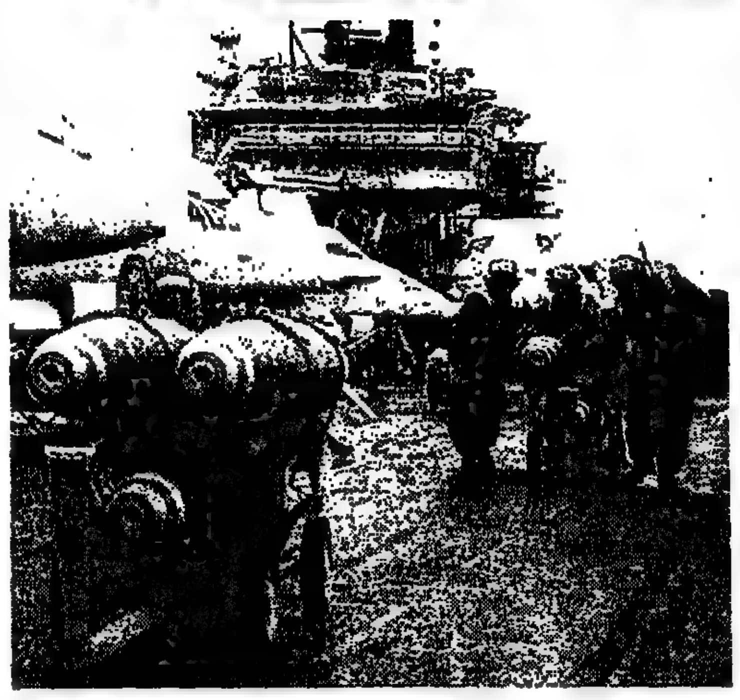
The fact that Saddam virtually invited the allies to attack showed that he thought himself to be in a no-lose situation. The limited allied raid inflicted little damage on the regime, enabled Saddam to appear on television heroically claiming victory against overwhelming odds, and rattled the dovecots of those Arab regimes which might be vulnerable domestically to a close association with the US.

It will have been with some satisfaction that Baghdad heard Mr Sharif Zeid Bin Shaker, the prime minister of Jordan, say his government had received with "deep regret and reprehension" the news of the air strikes. Arabs and Moslems felt a growing anger, he said, over the double standards in enforcing Security Council resolutions. While the allies attacked Iraq they were not willing to do anything about the defiance to the UN shown by Israel and Serbia.

Egypt, Turkey and Syria, all vital components of the allied Gulf war alliance, expressed similar sentiments. And, with the exception of Kuwait, there is anxiety among the monarchies of the Gulf about the consequences of further attacks on Iraq.

It seems probable that the limited nature of Wednesday's air attacks were in part designed to accommodate those fears. Some Pentagon officials had indicated privately that the raids were going to be massive and widespread, an option that existed and one, which if carried out, would certainly have had a more damaging political impact on the Baghdad regime.

When further provocations come from Iraq in defiance of Security Council resolutions there will be a temptation for the allies to increase the dosage of the medicine that they have prescribed and with equally little assurance of short-term beneficial effects. But there is the risk of two, worsening, long-term side effects.



Collision course: both George Bush (left) and Saddam Hussein are locked into positions of no retreat. USS Kitty Hawk (below) in the Persian Gulf

The first is the eventual disintegration of the country as a single, governable political entity. The two no-fly zones have already given the Kurds a degree of autonomy in the north, and the Shia the beginnings of a regional identity in the south. Even if Saddam goes, the structures of the ruling Ba'ath party would be hard to dismantle and its officials would be still wedded to the concept of a single Iraq governed by the Sunni minority in the geographical centre of the country. The greater the suffering imposed on the people of Iraq, the greater the probable retribution which will eventually flow, and the higher the risk of Iraq one day descending into the sort of political chaos witnessed in Lebanon.

Second, and even more difficult to assess, is the impact that the west's renewed military operations against Iraq will have on the peoples and governments of the Middle East. There has been no more durable tightrope walker for the past three decades than King Hussein of Jordan, and the reaction of the government in Amman shows which way he is leaning. Elsewhere, the collapse of pan-Arabism, the now unchallenged military supremacy of Israel, the continued denial of Palestinian self-rule and the general sense of political drift have created a vacuum that Islamic fundamentalists, inspired by Iran, are striving to fill.

The perception that the US, Britain and France will do nothing to aid the Moslems of Bosnia or the Palestinians forced out of the occupied territories, while they determinedly bombing Iraq, is potent propaganda. "Why just Iraq?" was the question being asked in several Arab capitals yesterday. Whatever the western answer it will not diminish the unease of those governments, such as Saudi Arabia, which are unable to distance themselves from the allied action.

From the day last August when the government in Riyadh reluctantly permitted the return of allied aircraft to police the southern no-fly zone, it had to accept a close association with policies and actions that might be deeply unpopular among Moslems throughout the world.

At the same time it was aware that the weaker that Iraq became the greater was the potential influence of Iran, which has made little attempt to disguise its contempt for the Saudi monarchy since the 1979 revolution.

In the long historical rivalry between Iran and Iraq, one's misfortune has always been the other's success. There are signs of growing concern in Washington about Iranian ambitions, nuclear and political. However much these may be denied by the more pragmatic elements of the leadership in Tehran, it is probable that the presence and actions of American forces in the Gulf will most aid those who wish to give greater substance to Washington's suspicions.

Awareness of all these risks is not, however, likely to have more than a tactical impact on the allies' pursuit of Saddam Hussein and their determination that he should abide strictly by the terms of UN resolutions. The commitment to the no-fly zones is open-ended while the dispatch of American troops to Kuwait ties Washington more closely to the survival of a government which enjoys little international respect and is subject to persistent domestic criticism.

In such a situation, where the only western response to further Iraqi provocation is military, it is almost inevitable that the allies lose control, if not sight, of the political repercussions. That is the cost which will have to be borne from a confrontation in which Saddam Hussein, perhaps desperate and his options bared to the bone, continues to dictate the direction and pace of events.

Military objectives were achieved, but there is doubt over political goals, writes David White

Uncertain success

Little went wrong. But the success of the swift return visit to Iraqi battlefields by the US and its British and French allies will be measured not by how well it was done but by what it achieved.

Militarily it was impressively executed. Co-ordinating a bombing attack involving 110 aircraft and bringing them all back is no mean feat. In those terms, the US-led strike compared favourably with the operation most closely comparable – the punitive US bombing raid against Libya in April 1986. Then, despite the involvement of large numbers of ships and aircraft, military plans were only partly fulfilled and one aircraft was lost over target.

This time, the allies had plenty of time to plan and study a whole range of "target sets", and enjoyed the benefit of their weeks of rehearsal two years ago in the air campaign against Iraq. The sites were well known, and in most cases had been attacked before.

But whereas the semi-botched bombing of Libya did apparently succeed – in retrospect – in placing a restraint on Colonel Muammer Gadaffi, the outcome of the "spanking" of President Saddam Hussein is far from certain.

The damage caused in the precision-bombing attacks was yesterday still being evaluated. The Pentagon said Iraq's southern air defences had been "seriously degraded". But it is questionable how much President Saddam perceives this as a setback, since it was an attack that he deliberately provoked, and the outcome of which was never in doubt.

Iraqi forces put up little opposition – possibly because, as in 1991, they knew they were unable to. Mr Saddam's ostensible purpose was to show that international action against Iraq was a US campaign founded on dubious legality, and to use that to obtain support from Islamic countries for easing sanctions.

Expressions of concern yesterday by Syria and Pakistan indicated this argument may have struck some chords. The UN Security Council's Resolution 688 of April 1991 did not go beyond telling Iraq to stop repressing its minorities and to allow access to humanitarian organisations. The justification of the US and its allies is that they need to monitor what is happening in these regions, can only do so by air, and need to ensure that they can do so safely.

The air strikes were limited to air-defence systems – missile sites and radar and command facilities – inside the no-fly zone which the US, Britain and France imposed in August south of the 32nd parallel. Air bases to the north of the line were not attacked, as many analysts had expected, even though they have been used for recent incursions by Iraqi fighters, including the MiG-25 shot down by a US F-16 on December 27.

However, any further allied military action could well include targets further into Iraq.

The bombing raids were the first concerted attack against Iraq since hostilities closed in February 1991, although the allies have repeatedly wielded the threat of military action: to force the withdrawal of Iraqi forces so that Kurds could move back into a haven, to obtain access for UN weapons inspectors, and to ensure the destruction of missile-making equipment.

Allied officials stressed that the attacks were on military installations directly threatening their own aircraft. But the political objective behind the attack remains vague.

In the Gulf war, the declared aim was to oust Iraqi forces from Kuwait. This was extended to include the crippling of Iraq's offensive military capability, with a further aim – implicitly understood – of creating conditions in which President Saddam might fall. Only after the war did the allies face public criticism in the west for not going further and – as General Norman Schwarzkopf said his forces could have done when they thrust northwards into Iraq – turning left towards Baghdad instead of right.

The message the allies now appear to be giving is that they will keep up sanctions and be ready to attack periodically until Iraq moderates its behaviour. But the political goal which military escalation – if it comes to that – would serve is still not explicit.

OBSERVER

World Bank roundabout

■ With 37-year-old Larry Summers almost certain to be confirmed as David Mulford's successor as the US Treasury's international point man, the World Bank is likely to be hunting for a chief economist.

Since the job involves serving both as a personal economic adviser to Lewis Preston, the bank's president, and running a big research department, it calls for an unusual economist – somebody with administrative skills as well as a "world class" academic reputation.

Traditionally, the job has been done by an American, but if Preston wants a respected development economist with strong free-market credentials, he could do worse than pick Jagdish Bhagwati of Columbia University. Being an Indian, he might be a more effective third world ambassador.

If the bank decides (as it did with Larry Summers) that an academic reputation is more important than development experience per se, then the field would widen considerably. The bank could consider such respected non-American macro-economists as Willem Buiter of Yale or Olivier Blanchard of MIT.

However, the likelihood is that the job will go to another American. Jeffrey Sachs of Harvard, who has made a reputation as a roving adviser to the third world and former communist countries, is one name mentioned. But having recently publicly attacked the IMF for inaction in Russia, he might be seen as insufficiently discreet.

But perhaps a more imaginative choice might be Harvard's Martin Feldstein – the director of the National Bureau of Economic Research and a former CEA chairman under Reagan.

Near the bone

■ British MPs will today debate a personally pressing issue. The main item on the Commons agenda is: Backbench business – Osteopaths Bill, second reading.

Secret service

■ "Hush... keep it dark!" The once famous watchword of Britain's wartime radio character, Commander High-Price, lives on at the Ministry of Defence.

Instead of holding its own briefing on the air attacks against Iraq, it told reporters to muster at RAF Strike Command in High Wycombe, originally named RAF Southdown with the object of confusing the Germans. The ministry's directions were in keeping with tradition. "Follow the signs from the town centre," they said. There are, of course, no signs.

Hence hacks spent much of the night wandering the dark backroads of Buckinghamshire. One French reporter still didn't know where he was when he'd arrived. Fortunately, the RAF commanders were fully abreast of the latest bulletins on the operation from America. They had been watching them on CNN.

'I'm a spanking correspondent'

Called to order

■ The annual meeting season has not really got under way yet, but company chairmen fearing a nasty grilling by shareholders should take a leaf out of the Royal Bank of Scotland's book.

After a year in which the Royal Bank's profits sank to £21m, its staff were demoralised by the promise of big job cuts, and shareholders irritated by the handsome salaries paid to a few executive stars such as insurance supremo Peter Wood, so yesterday's agm in Edinburgh was expected to be a rowdy affair.

Fortunately, the Royal Bank's spin-doctors have discovered paragraph 6.8 of the Cadbury report. This is the bit about shareholders submitting difficult questions in writing in advance. So the chairman, former defence secretary Lord Younger, announced that there had been 200 questions – most on three subjects: the composition of the board, directors' pay and Peter Wood. He then read out the answers and Peter Wood was never mentioned again.

Younger's patience and sense of timing in dealing with the rest of the questions from the floor was exquisite. But then that is one of the few reasons for hiring an ex-politician as chairman.

Backs up

■ Fur is flying with a vengeance in Chile thanks to central bank boss Roberto Zahler, who has rubbed up business chiefs the wrong way with a sobering speech.

The best economic performance for three decades – GDP up by almost a tenth, private investment by nearly a third, and exports booming – has seen Chile likened to the tigers of south-east Asia. But with business chiefs preening themselves accordingly, Zahler has come up with what he claims is a more accurate image.

"Tigers are not born overnight, particularly if they have a long history of being cats, with the culture, habits and outlook of cats," he declared. What's more, they weren't even well-balanced cats, but manic-depressives responding to one good year with euphoria only to wilt in despair at a single poor economic indicator.

The country's media have reacted angrily to his call for greater realism. Zoological treatises have been consulted on what sort of feline Chile resembles: cat, tiger or jaguar. Psychiatrists have expounded on the symptoms of manic-depression, which perhaps explains one top businessman's remark that the only cats with inferiority complexes are to be found in the central bank.

Squelchy

■ The course of love has run into deep water in Germany, where journalists covering British royalty's affairs are having trouble with the famous endearment "Squidgy". In translating it into their own tongue, most seem to have taken the nearest word in the English dictionary, then used the German equivalent's diminutive form. The result is "Tintenfischchen" – a small squid.

FINANCIAL TIMES
Friday January 15 1993

Aircraft carrier, jets and frigates to give British soldiers protection

UK warships will go to Adriatic

By Ralph Atkins and David White in London and Robert Mauthner in Geneva

THE UK government yesterday said it would send warships and extra troops to protect – and if necessary evacuate – British soldiers in Bosnia-Hercegovina.

Mr Malcolm Rifkind, British defence secretary, said the aircraft carrier Ark Royal, with Harrier jets and helicopters, would sail for the Adriatic on Sunday along with two frigates and three support ships, carrying a total of about 2,500 personnel.

Mr Rifkind emphasised, however, that Britain's role of escorting humanitarian aid supplies would not change. The troops would not be used to intervene in fighting between rival factions in former Yugoslavia.

With many Tory MPs and ministers jittery about further UK casualties in Bosnia, Mr Rifkind stressed that the forces' task was to "enhance the safety of our troops".

Plans are also in hand for further possible reinforcements including heavier artillery as well as the dispatch of Jaguar ground-attack aircraft and Tornado F3 fighters to Italy. Mr Rifkind did not rule out sending further aircraft in addition to the eight Sea Harriers and 17 Sea King helicopters going with the Ark Royal task force.

The reinforcements follow about 25 serious outbreaks of violence in the past week in the area where British troops are operating, including the death on Wednesday of a lance corporal, the first fatality among UK forces there.

Mr Cyrus Vance and Lord Owen, the co-chairmen of the Geneva peace conference on Bosnia, are due to fly to Zagreb today for talks on their proposed peace settlement with President Franjo Tudjman of Croatia and President Alija Izetbegovic of Bosnia.

Their meeting follows the surprise change of heart by the leader of the Bosnian Serbs, Mr Radovan Karadzic, at the Geneva talks earlier this week, when he finally accepted the Vance-Owen constitutional plan for Bosnia, after first rejecting it.

However, Mr Karadzic's endorsement of the proposals was conditional on their approval by the Bosnian Serb Assembly within seven days. The parliament is due to discuss the plan at the end of next week.

Amid rising expectations that the assembly would give its approval, in spite of the opposition of a powerful group of hard-liners, the European Community yesterday warned the Bosnian Serbs that they would face additional punitive measures from the United Nations unless the plan was accepted unconditionally.

Meanwhile, Mr Haris Silajdzic, the Bosnian foreign minister, said yesterday that there would be no end to the bloodshed in Bosnia until all heavy weapons were placed firmly under international control. Mr Silajdzic, who was on a private visit to London during which he had talks with Mr Douglas Hurd, British foreign secretary, said the monitoring of heavy weapons as proposed by the international mediators in the Geneva peace talks was not enough.

"They have to be controlled physically by the United Nations," he said. "Otherwise the killing will go on."

Measures to control the heavy weapons in Bosnia are part of the agreement on the end of hostilities which, together with the map of 10 provinces into which the country is to be divided, have yet to be discussed in detail at the Geneva talks.

So far, only the Bosnian Croats have signed all three documents of the Vance-Owen package deal. The provincial boundaries are still disputed by both the Bosnian Serbs and Moslems, while the military agreement has not yet been approved by all parties either.

THE LEX COLUMN

Boxed in at TSB

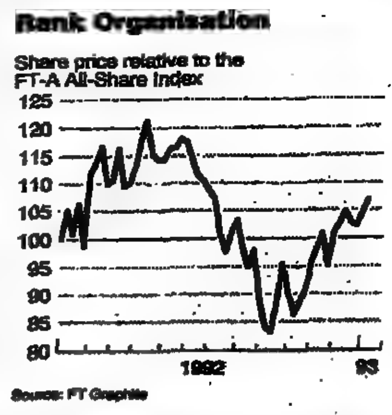
FT-SE Index: 2759.2 (+13.9)

TSB's new strategy might be more convincing if it did not read as though it had come straight out of a business school text book. It might also be more persuasive had it not come from the bank that clinched the £777m Hill Samuel acquisition and developed the disastrous Mortgage Express – a venture which is now selling repossessed houses at an average loss of £35,000 each. Total quality management is clearly arriving at the TSB none too soon.

There are certainly worries. Focusing on personal business in the retail bank may be the only real option open to TSB, but it offers a far from certain future. Personal lending and other financial services are becoming increasingly competitive – as the establishment of NatWest Life demonstrates. With too many banks and building societies chasing too little business, returns are likely to fall. TSB risks being squeezed between the building societies' lower cost base and the big clearers' range of services. And, ironically, trussing up Hill Samuel to make it attractive to a buyer may deny TSB the painfully-earned rewards of any recovery in the commercial sector.

In the shorter term there is at least a 25 per cent yield premium to the market for the shares to hang on to. If the bad loans have finally been cleaned out, then provisions may fall this year and investors may warm to the recovery story, but the bank has disappointed on bad loans before. Last year's revenues owe something to one-off factors such as gilt sales, while the scope for further cost reductions must be limited. Unless the banking sector can find new income streams, TSB looks like a bank with nowhere to go.

Rank Organisation



Source: FT Graphite

There is not much point any more in carping about whether the Rank Organisation was wise to buy Mecca in 1990. The purchase left the company saddled with a large debt burden at just the wrong time in the cycle. Even critics of the original purchase must admit that the company has managed to live with high gearing reasonably well. Capital spending has been maintained at a level high enough to keep ahead of its competitors. Thanks admittedly to £151m worth of disposals, it recorded a positive cash flow of £59m last year before currency translation changes.

Now that conditions in the US are starting to improve, Rank thus seems on the road to recovery. The danger for the equity market is in over-estimating the speed at which it will travel. The £15m loss in video distribution will surely narrow further in 1993 and it is scarcely conceivable that Butlins will have as bad a year as 1992, but Rank itself is rightly cautious about the return of UK consumer confidence and the outlook for Rank Xerox is poor.

Rank seems set for a year of only modest profit growth. Further hotel disposals may make a small dent in its debt and the signs are Rank may realise quite attractive prices. But, barring a sale of its film and television interests, gearing will still be undesirably high a year from now. That means dividend growth may be slow to resume. Rank may yet be tempted to launch a rights issue once serious recovery gets under way. Small wonder the vultures are hovering over the film interests even though Rank categorically maintains they are not for sale. It might make more strategic sense for Rank to exit from its joint venture with Xerox. But if a serious offer did emerge for the film interests, shareholders would be right to demand it not be rejected out of hand.

Rhône-Poulenc

Another profits warning from Rhône-Poulenc does not inspire confidence that management has its finger on the pulse. Until the autumn, the company was predicting profits growth of more than 15 per cent for 1992. Now the increase may be little more than 5 per cent. The downturn in chemicals in the final months of the year must have caught the company on the hop; the fact that the news broke in an unplanned press report also seems careless.

The broader question is whether the announcement clears the way for the French government's privatisation share offering or is the final nail in its coffin. Since the offer document contains nothing concrete by way of a profits forecast, there is no binding reason not to proceed before the February 1 deadline. But the non-voting shares yesterday slid back towards FFr500 – a level at which the government has so far been unwilling to sell.

Even if the government changed its mind on that, the market will now take some convincing that all the bad news is out. The company argues that deferred sales of agrochemicals will boost profits this year. The combination of a US economic upturn and a stronger dollar should help it ride out the downturn in Europe from here on. After yesterday, though, investors may have their doubts.

United Biscuits

The news that United Biscuits may be experiencing hunger pangs for a Spanish cookie company has unsettled the UK company's shares, if somewhat prematurely. UB stresses its interest in buying the biscuits business of Royal Brands is preliminary. Besides, UB appears well aware of the market's fears about it over-stretching itself following acquisitions in Australia and the US. It promises not to do anything to jeopardise its steady rehabilitation with disappointed shareholders.

Nevertheless, UB must be tempted to have a nibble. Royal Brands is an attractive business. Its biscuits arm, which accounts for 40 per cent of sales, may be worth £100m. In better circumstances, this would hardly be a lot of money for UB. It may, however, prove heavy enough with the company's gearing standing at more than 80 per cent.

The suspicion is that Royal Brands' owner, Tabacalera, is trying to entice UB into an auction with RJR Nabisco. It claims the US company has already made a firm offer for half the business. This would be a dangerous game for UB. What Nabisco is playing around at is baffling. After disposing of its European food business following its enormous leveraged buy-out in 1988, Nabisco now appears to be trying to build it all back up again. At least it can claim some familiarity with Royal Brands' biscuits division. It sold it to Tabacalera.

UK bank cleared by probe over misconduct claims

By Robert Peston, Banking Editor, in London

NATIONAL Westminster Bank, the UK's second biggest bank, was yesterday cleared by a Department of Trade and Industry investigation of allegations that it deliberately withheld important documents from a 1989 DTI inquiry into the Blue Arrow affair.

The DTI report also said there was "no substance" to a variety of other "allegations of dishonesty and impropriety which have been levelled at senior officers of NatWest".

Lord Alexander, the bank's chairman, who had requested the probe last April, said: "This is a welcome end to an episode from which the bank learned important lessons several years ago." He had asked for the investigation, which cost the DTI £2.4m, in order to clear the bank's name, after criticism of the bank during the 1991 Blue Arrow trial which was repeated in The Economist magazine.

Mr Tom Frost, the bank's deputy chairman who had been accused of misleading the 1989 inquiry, said: "I am glad that the record has finally been put straight." Also cleared of misconduct was Wilde Sapte, the firm of solicitors which advised NatWest during the original DTI inquiry.

However, NatWest was criticised by the inspectors for its decision to make Mr Stephen Clark redundant shortly after the Blue Arrow trial had begun in early 1991. Mr Clark was a director of NatWest's investment bank, County NatWest, and was a defendant in the trial. He was acquitted in October 1991.

The report also gives an unusually detailed account of the Bank of England's supervision department, whose activities are normally shrouded in secrecy. It shows the supervisors as not very aggressive in investigating alleged wrongdoing at a leading bank, reinforcing criticisms of its supervision of the corrupt Bank of Credit and Commerce International.

Editorial Comment, Page 11

Something rotten in the government of Denmark

By Hilary Barnes in Copenhagen

IT STARTED with an illegal decision by a Danish minister of justice, and snowballed when his cabinet colleagues tried to cover up for him. Yesterday the affair that has become known as "Tamilgate" turned into Denmark's most damaging political scandal since 1945.

The prime minister, Mr Poul Schlüter, who had held the office for more than 10 years, resigned last night in disgrace following the publication of a 6,000-page report by a judicial inquiry. The minority Conservative-Liberal coalition over which he had presided looks unlikely to survive.

His departure has plunged Denmark into political uncertainty just two weeks after it took over the rotating presidency of the European Community. It has removed a leader whose talents as a conciliator gave the country an unaccustomed degree of political stability. And it may, in the short term, prompt a burst of speculation against the Danish krone, which has been sporadically under pressure in Europe's exchange rate mechanism.

The affair began in 1987, when Mr Erik Ninn-Hansen, justice minister at the time, ordered civil servants to delay entry visas for the wives and children of Tamil refugees, although the Tamils had an explicit right under Danish law to bring their families to the country.

The affair began to become a serious liability for the government when it emerged that attempts were made to prevent the parliamentary ombudsman from looking into the case.

The controversy turned on whether the prime minister tried to cover up parts of the scandal in a 1989 speech to parliament.

Yesterday's report by High Court judge Mogens Hornslet was damning in its conclusions. Mr Schlüter "has given the Folketing (parliament) and the Folketing's justice committee incomplete information, and in the commission's view, he must have known it", Judge Hornslet concluded.

The judge found that in his 1989 speech Mr Schlüter misled MPs on nine separate points and provided them with information which was "directly wrong". The word "lie" is not used.

THE DANISH PARLIAMENT

Parties	Seats
Ruling coalition	
Conservative	30
Liberal	29
Supporters	
Centre Democrats	9
Christian People's	4
Radical Liberals	7
Opposition	
Social Democratic	69
Socialist People's	15
Anti-Maastricht	
Progress	12
Special seats	
Faroes	2
Greenland	2
Total	179

Mr Ninn-Hansen's successor as minister of justice, Mr H.P. Clausen, who was also strongly criticised for giving misleading and incorrect information to parliament, has resigned his post as parliamentary speaker.

A lawyer by profession, Mr Schlüter was Denmark's longest-serving postwar prime minister. When he took office in September 1982, ending the 50-year domination of Danish politics by the Social Democratic party, the country was suffering from huge balance of payments and budget deficits and neither he nor anyone else thought that his government would endure for more than a few months. Instead he will be remembered as the leader of a government which restored the country's finances. There is now a large current account surplus and although the budget has recently dipped into the red again, it is one of the smallest deficits in the EC.

On at least two occasions Mr Schlüter showed great political courage. In 1985, a centre-left majority in parliament was prepared to prevent Denmark ratifying the Single European Act. He dished the opposition by calling a referendum.

In 1988, the same parties created a crisis in the country's relations with Nato by demanding that alliance vessels entering Danish waters should declare whether or not they were carrying nuclear weapons. On that occasion Mr Schlüter settled the issue by calling a general election.

Following Mr Schlüter's resignation, confusion prevails as to what happens next. An election is unlikely, so there will now be an interregnum while the eight Folketing parties try to establish majority support for a successor.

The outgoing prime minister has nominated Mr Henning Dyremose, the finance minister, but it was unclear yesterday whether he would obtain the necessary support or whether there will be a change of government, which might let in the Social Democrats after 10 years in opposition.

Although Denmark's political crisis may leave the EC rudderless for the time being, political commentators in Copenhagen do not expect it to affect the outcome of the second Danish referendum on the Maastricht treaty on European union, which will probably be held in May.

Denmark's prime minister resigns

Continued from Page 1

resignation announcement, it was quoted at DKr3.8646 at lunchtime in the US, compared with its ERM floor of DKr3.9016.

Mr Schlüter's resignation came just as Denmark was launching a campaign to set priorities for its six-month presidency of the EC. These include an early start to enlargement talks with Austria, Finland, Sweden and Norway; greater transparency in EC decision-making; more subsidiarity – the devolution of decision-making to the appropriate national, regional and local level; and a push for tougher environmental legislation.

Mr Schlüter was only one victim of yesterday's report. The Speaker of the Folketing, Mr HP Clausen, also resigned, while several senior civil servants may face disciplinary action.

Tamilgate began in 1987 when Mr Erik Ninn-Hansen, as justice minister, broke the law by ordering civil servants to postpone entry permits for the wives and children of Tamil refugees from Sri Lanka.

In the UK, Euro-sceptic MPs called for debate of the bill implementing Maastricht to be suspended pending clarification of any consequences for the second Danish referendum.

US says only half targets were hit

Continued from Page 1

radar had been switched off during the raids but was now fully operational. "The aim was not to give a pretext for aggression," a military spokesman said. "Now, our anti-aircraft batteries with all their types are prepared to confront hostile activity."

Mr Saddam threatened earlier that any aircraft in Iraqi airspace would be a target for Iraq.

Mr Tariq Aziz, deputy prime minister, said Iraq had accepted two of the UN demands which provoked the raids. It would stop its incursions into Kuwait near the port of Umm Qasr and would allow UN weapons inspectors to fly to Baghdad in their own aircraft. But he repeated that Iraq would never accept the two no-fly zones set up by the allies.

Jordan and Egypt led yesterday's Arab criticism of the attack. They said the western allies applied double standards to the enforcement of UN resolutions.

Mr Esmat Abdel-Maguid, secretary general of the Arab League, said military action against Iraq was not acceptable. "The air attack by the three western countries is a threat to the territorial integrity of Iraq and to the safety of the Iraqi people," he told a press conference.

Mr Richard Cheney, US defence secretary, dismissed Iraqi claims of civilian casualties as "gibberish". Baghdad said 19 died in the air strike.

US aircraft resumed patrols of the no-fly zone yesterday to complete damage assessments and see if Iraqi aircraft seemed likely to act on Mr Saddam's threats of retaliation. Defence officials said further strikes might be triggered if Iraq continued to provoke the coalition.

"If Saddam doesn't comply, if he continues the kind of behaviour that we have seen in recent days, then we are perfectly prepared to use force again before January 20 when we leave office," Mr Cheney said.

World Weather

		°C	°F
Ajaccio	C	14	57
Algiers	S	19	66
Amsterdam	S	7	45
Athens	S	15	59
Bahrain	S	13	55
Bangkok	C	33	91
Barcelona	C	12	54
Beijing	S	-2	28
Beirut	F	15	59
Belfast	S	2	36
Belgrade	S	10	50
Berlin	F	9	48
Biarritz	F	16	61
Bombay	S	30	86
Bordeaux	C	14	57

		°C	°F
Boulogne	F	9	48
Brussels	S	9	48
Budapest	S	6	43
Buenos Aires	F	35	95
Cairo	S	16	61
Cape Town	S	25	77
Caracas	F	26	79
Casablanca †	S	15	59
Chicago †	C	-6	21
Cologne	S	10	50
Copenhagen	S	5	41
Corfu	S	13	55
Dallas †	F	2	36
Dublin	F	7	45
Dubrovnik	S	13	55
Edinburgh	S	2	36
Faro	S	15	59
Florence	F	11	52

		°C	°F
Frankfurt	F	11	52
Geneva	R	10	50
Gibraltar	F	15	59
Glasgow	F	3	37
Helsinki	Sn	1	34
Hong Kong	F	18	64
Innsbruck	F	6	43
Inverness	S	4	39
Islamabad	F	15	59
Istanbul	S	9	48
Jakarta	R	29	84
Johannesburg	F	29	84
Lisbon	Fg	11	52
London	S	9	48
Los Angeles †	C	19	67
Luxembourg	C	7	45
Madeira	F	18	64
Madrid	F	9	48

		°C	°F
Majorca	S	16	61
Malaga	S	15	59
Malta	F	16	61
Manila	F	31	88
Melbourne	S	34	93
Mexico City	C	21	70
Miami †	C	22	72
Milan	C	8	46
Montreal †	C	-11	12
Moscow	C	2	36
Munich	C	8	46
Nairobi		–	–
Naples	C	14	57
Nassau	C	29	84
New Delhi	S	18	64
New York †	C	-1	30
Nice	C	13	55
Nicosia	S	16	61

		°C	°F
Oporto	S	14	57
Oslo	F	3	37
Paris	S	10	50
Prague	F	9	48
Reykjavik	Sn	-3	27
Rhodes	S	16	61
Rio de Janeiro	F	35	97
Rome	F	13	55
Salzburg	R	8	46
S'Francisco †	C	10	50
Seoul	S	1	34
Singapore	F	30	86
Stockholm	C	1	34
Strasbourg	F	13	55
Sydney	S	29	84
Taipei	C	24	75
Tangier	S	17	63
Tel Aviv	C	16	61

		°C	°F
Tenerife	C	19	66
Tokyo	R	6	43
Toronto †	S	-11	12
Tunis	S	13	55
Valencia	S	14	57
Venice	Fg	8	46
Vienna	R	8	46
Warsaw	F	9	48
Washington †	C	5	41
Zurich	C	9	48

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

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FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Rhône-Poulenc cuts forecast again

Rhône-Poulenc, the French state-owned chemicals group set for partial privatisation, estimated that operating profits rose between 5 per cent and 10 per cent last year. It was the third time the company downgraded its 1992 operating profits forecast – a fortnight before the government's self-imposed February 1 deadline for selling to the public at least 6m Rhône-Poulenc shares. Page 14

Digital puts squeeze on losses

Digital Equipment unveiled better than expected second quarter results, with losses narrowing as the computer manufacturer cut costs and restructured. Net losses for the period were $73.9m against $155.2m last time, and the share price rose sharply on the news. Mr Robert Palmer (left), president and chief executive, said: "We are encouraged with our progress toward the transformation of Digital." Page 15

Commerzbank advances 20%

Commerzbank, the third largest of Germany's big banks, lifted operating profits last year 20 per cent to DM2.2bn ($1.38bn) after strong trading in the last two months of 1992. The figures, ahead of brokers' expectations, have been released early to support the bank's long expected rights issue, announced earlier this week. Page 14

Westpac rocked as Packer quits

Westpac, the troubled Australian bank, was plunged into renewed uncertainty after Mr Kerry Packer (left) and an associate resigned from the board following a dispute about the bank's restructuring programme. Westpac shares fell, underlining market concern about the departure of Mr Packer, proprietor of the Consolidated Press Holdings media group, and Mr Al Dunlap, ConsPress managing director. Page 16

Latin American markets shine

Latin America showed strong gains among emerging markets last month. Page 46

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
DLW	437.5	+	13.5	Accor	623	+	22
Douglas Hldg	426	+	15	Axa	1054	+	34
Falls				Intertechnique	392	+	13.9
Colonia Konzn Pf	460	–	14	Legris	180	+	21
Heidelb Zem	845	–	15	Suez (Cie de)	263	+	12
Philips Kommun	535	–	13	**Falls**			
Porsche	458	–	10	Imetal	337	–	15
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Coca-Cola	43	+	1 5/8	Chugai Mining	151	+	9
Compaq Comput	52 1/4	+	1 5/8	**Falls**			
Digital Equip	41	+	6 1/8	Hankyu Dep	770	–	47
IBM	49 1/8	+	1 3/8	Matsushita Ref	511	–	39
Motorola	120 7/8	+	8	Nihon Parker	710	–	50
Falls				SPC Electronics	2250	–	190
Morgan (JP)	61 7/8	–	3	Takamisawa Elec	300	–	20

New York prices at 12:30.

LONDON (Pence)				Microgen	219	+	8
Rises				NatWest Bank	409	+	11
Alvis	23	+	4	Neotronics	161	+	8
Barratt Devs	100	+	4	Resort Hotels	38	+	4
Breedon	97	+	8	Rhino	27	+	3
Brit Aerospace	177	+	7	Shandwick	18	+	2 1/2
Burndene Invs	380	+	12	TSB	156	+	9 1/2
Clifford Fds A	174	+	11	Thames TV	184	+	18
Cray Elects	133 1/2	+	6 1/2	Whitecroft	34	+	5
Denmans Elect	275	+	50	**Falls**			
Eurotunnel	377	+	22	BP	232 1/2	–	5
Gestetner Ord	152	+	10	Hampson Inds	39	–	9
Heritage	39	+	5	Howden Group	58	–	4
ICI	1093	+	20				
Lee (A)	133	+	13				
Matthews (B)	53	+	4				

Miller Brewing to buy 20% Molson stake

By Bernard Simon in Toronto and Nikki Tait in New York

MILLER Brewing, the beer arm of US food and tobacco group Philip Morris, is broadening its international horizons by buying a 20 per cent stake in Molson Breweries, Canada's biggest brewer. Molson is a joint venture between Molson Companies of Toronto and Australia's Foster's Brewing.

Miller's US$273m investment is part of a wider alliance with Molson and Foster's, which will also give the Milwaukee-based company marketing and distribution rights in the US to a range of imported beers produced by the Canadian and Australian groups.

The deal will also help Molson realise a long-held ambition to join a wider international brewing alliance.

Molson Companies and Foster's will each retain a 40 per cent stake in Molson Breweries, which controls about half the Canadian beer market. Revenues totalled C$632m (US$494m) in the six months to September 30. The company already brews Miller brands under licence in Canada. Miller will pay a royalty on Molson and Foster's sales in the US.

Molson is the second-largest imported beer in the US after Heineken. Its products, led by Molson Golden and Molson Light, have a share of about 16 per cent of the imported market.

Miller said yesterday that Molson and Foster's brands will be a "strong complement" to its existing products. But Mr Allan Kaplan, brewing analyst at Merrill Lynch in New York, said the deal was a small one for a company of Philip Morris's size and financial resources, and that it would only modestly augment Miller's volumes in the US.

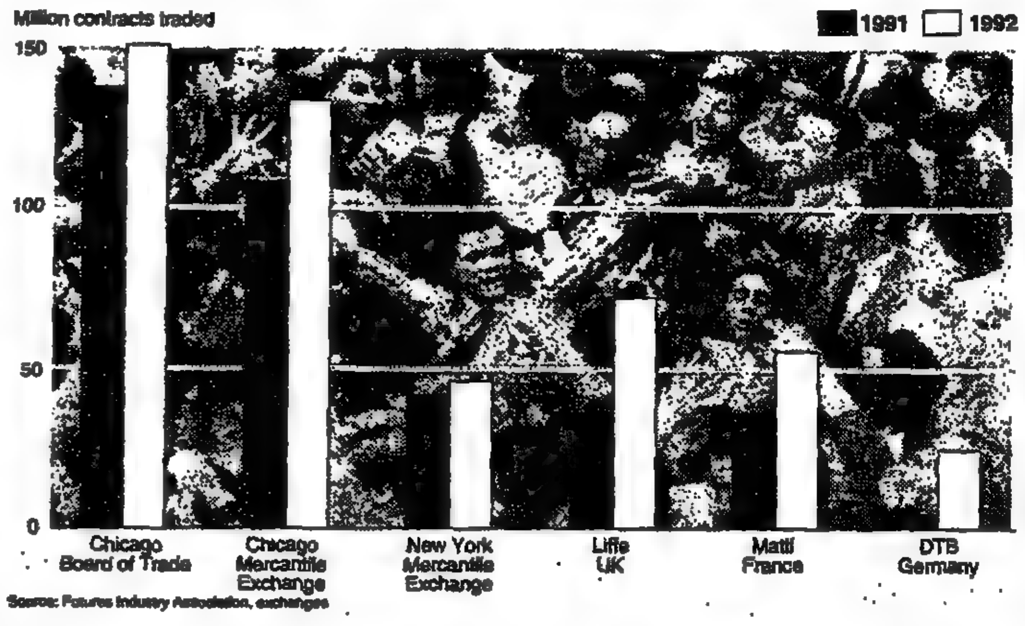
The deal with Molson follows Philip Morris's purchase last month of a 7.9 per cent interest in Fomento Economico Mexicano, Mexico's biggest beverage company. Philip Morris, through Miller Brewing which it acquired in 1970, is number two in the US beer market, with an estimated 23 per cent share behind St Louis-based Anheuser-Busch's 45.5 per cent. However, competition has been intensifying in a contracting market.

Miller Brewing posted a 41.5 per cent drop in third-quarter operating profits to $55m, because of lower volumes and a provision for an early retirement programme, while operating revenues fell almost 8 per cent to $1bn.

Tracy Corrigan on moves behind the intensifying battle for derivatives business

Exchanges fight for the future across Europe

Futures volume



Source: Futures Industry Association, exchanges

MR George Soros was not the only beneficiary of the unrest in Europe's financial markets.

He is reputed to have made $1bn, but Europe's futures exchanges also benefited as volumes leapt by around 50 per cent last year. Traders faced with volatile market conditions channelled business away from cash markets, where prices were no longer being quoted, to more liquid futures markets.

The surge of volume has exaggerated a steady shift of futures market share from the mature US market to Europe. The battle to win this business has created greater competition between Europe's futures and commodity exchanges, which now number more than 20.

The latest stage in the evolution of Europe's futures markets came on Wednesday, when France's Matif and Germany's Deutsche Terminbörse announced a co-operation pact which could threaten the dominance of Europe's largest exchange, the London International Financial Futures and Options Exchange (Liffe).

Although Liffe is in discussions over a link with the Chicago Board of Trade, it is not in a position to join with other European exchanges, because most of them are natural competitors. Yet links between other European exchanges are becoming increasingly common. Last year, four smaller European exchanges agreed to trade each other's products in order to extend their reach.

Liffe already offers a broad range of international financial futures and options contracts, while other exchanges have concentrated mainly on domestic markets, often imitating existing products on Liffe. The wide selection of similarly structured contracts on Liffe is considered a source of strength: during the turmoil in the autumn, for example, there was substantial arbitrage trading between different Liffe products.

Liffe's largest contracts are traded using the traditional open-outcry system, while the link between the DTB and the Matif will be provided by the DTB's screen-based trading system.

Many participants believe that, because of the current limitations of technology, the DTB system will not be able to offer the same level of liquidity as that available on Liffe.

Certainly, none of the world's largest futures contracts are screen-based. "I do not think anyone has found a computerised system which is user-friendly or simple enough to take the place of open outcry trading," said Mr Mark Harding, who heads the financial markets group at Clifford Chance, the law firm.

"The technology just is not up there yet," said Mr Alex Cooper, head of futures at Credit Lyonnais Rouse. "It will probably be another two generations [of systems] but we are moving towards synthesized voice output and touch screen trading."

However, the trend towards screen-based trading is already gathering steam.

For example, Amsterdam's European Options Exchange decided in December that it will switch from pit-trading to a combined system of pit and computerised trading.

In particular, there is a trend for smaller contracts to be shifted to screen-based systems. "Pits are not expensive when there is heavy volume, but they can be expensive for smaller products," said Mr Gerard Pfaulwadel, who heads the Matif. Significantly, the Matif's Ecu contract, which will move to the DTB system, currently trades around 4,000 contracts a day, compared with a daily volume of around 150,000 in the French government bond contract. The French bond contract will continue to be traded in the pit.

Last June, Globex, the international after-hours screen trading system, was finally launched after five years of development by the CME, CBOT and Reuter, at an estimated cost of $80m. Although the nightly volume on the system is disappointingly low – around 2,000 contracts – more European exchanges are expected to join the system. So far, only the Matif has signed up, but negotiations with Liffe and the DTB, among others, continue. The Matif's Globex agreement is not affected by the DTB link-up.

Officials at Liffe insist they do not see the DTB/Matif move as a threat. "It will not take volume away from Liffe, since it means that the size of the overall market will increase," according to Mr Roger Barton, head of business development.

However, the competition between Liffe and the DTB over the German government bond contract, already fierce, is set to increase. Later this month, Liffe launches a medium-term government bond future, which will compete with an existing DTB contract. Holding on to its 70 per cent market share in bund futures is very important to Liffe, since this is its largest contract. Liffe estimates that 8 to 12 per cent of bund futures trading is done by French institutions; this is potentially at risk if French house switch their business to the Matif.

However, large, international fund managers still tend to channel their business through London, and Liffe has undoubtedly benefited from its position at the heart of Europe's financial markets.

But in each market there are still substantial funds held by domestically-oriented institutions, which are more likely to be invested in a contract traded locally.

"If the potential user base was fully tapped, they would be fighting for the same people, but that is not the case," according to Mr Harding.

As long as London maintains its position as Europe's financial centre, Liffe's position at the heart of the futures market is not likely to be seriously threatened.

It may lose out on a fruitful source of future growth, however, as other exchanges expand their own domestic investor bases and pool these investors through links with each other.

Of these, the link between the Matif and the DTB is so far the most important. It is evidence of the determination with which French and German institutions are advancing their position in Europe's emerging financial structure.

JP Morgan trading income falls to $200m

By Alan Friedman in New York

JP MORGAN, the New York banking group, was hurt in the fourth quarter by a decline in trading revenues caused by losses in the trading of mortgage-backed securities.

Although it has consistently turned in results that were above the industry average over the past year – and yesterday unveiled a 21 per cent increase in its 1992 full-year net profits to $1.382bn – the decline in fourth-quarter trading income triggered a drop in Morgan's share price on Wall Street.

The share price fell by $2⅜ to $62 yesterday morning after the bank said its fourth-quarter trading result was $200m, sharply lower than the $313m recorded in the third quarter of 1992 and below the $245m achieved in the last quarter of 1991.

The losses in mortgage-backed securities trading also affected trading revenues for the whole of 1992, which were $959m, down from $1.29bn the year before.

Overall net profits for the fourth quarter of 1992 rose by 11 per cent year-on-year to $298m, well below market expectations. This translates into earnings per share of $1.48 in the quarter, 13 cents higher year-on-year.

Sir Dennis Weatherstone, chairman, said the bank's performance was especially helped by corporate finance and securities underwriting. JP Morgan is one of the few US banks allowed by authorities to enter the equities market. He said there was also profits growth in credit-related, investment management and operational service divisions.

Earnings per share for 1992 were $6.92, compared with $5.80 in 1991. Bad debt provisions for 1992 were just $55m, up from $40m the year before but extremely low for a big US bank.

Return on equity was high at 22 per cent for the year and 18 per cent for the quarter. JP Morgan also added $1bn during the year to its net equity base, which totalled $7.1bn at year-end.

Net interest revenues for 1992 were 15 per cent improved at $224m while corporate finance revenues rose by 32 per cent last year to $439m.

Credit-related fees were 34 per cent higher at $214m while operational service fees were 17 per cent larger at $409m and investment management fees were $377m, up by 17 per cent. Net investment securities gains were $388m in 1992, compared with a net loss of $3m in 1991.

More US bank results, Page 15

Tabacalera negotiates sale of Royal Brands to RJR Nabisco

By Tom Burns in Madrid and Guy de Jonquieres in London

TABACALERA, Spain's state-controlled tobacco company, is negotiating the sale of Royal Brands, its food and agribusiness division, to RJR Nabisco in a move which may foreshadow the US multinational's return to the European food sector.

Tabacalera said Nabisco had made a firm offer of Pta17bn ($147m) for 50 per cent of Royal Brands. Tabacalera had suggested it buy the food division outright. Nabisco would not confirm this, though company executives were in Madrid yesterday to examine Royal Brands. Tabacalera said, however, there were other potential buyers for the food division.

One was United Biscuits of Britain, which recently formed a joint sales company with Royal Brands in Spain and delivered a letter of intent three months ago expressing interest in the company.

UB said it had learned of Nabisco's approach on Tuesday and would be interested in buying Royal Brands' biscuit interests, which include Spain's leading biscuit brands.

Royal Brands reported profits of Pta2.7bn last year on sales of Pta37bn.

Nabisco's interest in re-entering European food manufacturing surprised industry observers. The company sold its extensive operations in the late 1980s to pay off debts used to finance a leveraged buy-out by Kohlberg Kravis Roberts, the Wall Street investment firm. Tabacalera spent Pta53bn on some Nabisco units which now form the core of Royal Brands.

Some analysts and food industry executives said buying Royal Brands would only make commercial sense if Nabisco planned to assemble a Europe-wide food business through further acquisitions.

Analysts said one motive for Tabacalera's decision to sell could be to build a war chest to finance a bid for Ebro, the domestic sugar and rice producer which is being sold by Grupo Torras, the investment arm of the Kuwait Investment Office, although Tabacalera's said it had "no intention at present" of bidding for Ebro. Another explanation could be that Tabacalera wanted to improve its already-sound balance sheet with a view to its partial privatisation later this year.

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Lonrho rights issue set to fail

By Roland Rudd in London

LONRHO'S rights issue, which closes today, is expected to fail after many of its institutional shareholders yesterday said they would not be taking up their rights.

The share issue was designed to flop to enable Mr Dieter Bock, a German financier who is underwriting half the new shares, to become the group's biggest shareholder.

Lonrho's shares yesterday fell 1p to 71p compared with the rights issue price of 85p.

Some of the group's big shareholders believe Mr Bock will shortly join the board as joint chief executive with Mr Tiny Rowland.

One institutional shareholder said: "We have been told by Lonrho that Mr Rowland may retire quite soon in favour of Mr Bock."

Several others said they had received a clear message from Lonrho that Mr Bock had been chosen as Mr Rowland's successor and that the succession would occur relatively quickly.

Shareholders have been deeply concerned in the past about the unresolved question of who would succeed 75-year-old Mr Rowland.

Charterhouse, Lonrho's financial adviser, said: "Mr Rowland is unlikely to have sold his shares to someone he disagrees with or whom he is unhappy with as a large and influential shareholder."

Mr Bock has said he will consider whether to join the board several weeks after the rights issue closes.

If Lonrho's shareholders do not take up their rights, Mr Bock will end up with 18.8 per cent of the enlarged group.

Mr Bock has already bought almost half of Mr Rowland's stake at 115p a share – a substantial premium to Lonrho's current share price – and has the option to buy the other half after three years. This would take Mr Bock's total stake to 24.8 per cent.

To raise the money to buy his Lonrho stake, Mr Bock has made a number of property disposals. He is also considering offers for 10 to 20 per cent of his shareholding in Advanta, a Dutch-based company with extensive property and construction interests in Germany.

Mr Bock is underwriting the deal through his privately owned company, Laerstate, registered in the Netherlands.

Commerzbank operating profit increased by 20%

By David Waller in Frankfurt

STRONG TRADING during the last two months of 1992 helped Commerzbank, the third-largest of Germany's big banks, to increase its total operating profits by 20 per cent last year to approximately DM2.2bn ($1.38bn).

Partial operating profits – which exclude a contribution from the bank's own-account trading activity – increased by 15 per cent to approximately DM2.07bn from DM1.8bn in 1991, Mr Martin Kohlhaussen, the chief executive, revealed. Net interest income climbed by 10 per cent from DM4.2bn in 1991.

The figures, ahead of brokers' expectations, are not normally available until March or April but have been released early to support the bank's long-expected rights issue, announced earlier this week. Commerzbank is raising DM500m via a 1-for-11 rights issue at DM200 a share.

Mr Kohlhaussen gave no figures for net profits, calculated after provisions for bad and doubtful debts. But he said it would be inappropriate to raise the 1992 dividend from the DM10 a share paid in 1991 and that the priority would be to increase provisions.

Provisions on former Soviet debt will be increased from the current level of 60 per cent to the level of other bank's provisions, likely to be about 80 per cent. The bank will be providing against its exposure to the Olympia & York property group – which stands at DM530m – and Hafnia, the troubled Danish insurance company, where the exposure is DM300m.

"The result was so good last year that it allows us to make provisions so that we will no longer be affected by these cases this year," Mr Kohlhaussen said.

He said that the bank had only minimal exposure to Klöckner-Werke, the steel company which last month filed for protection against creditors – and no exposure to any sizeable corporate problem cases in Germany.

In spite of the worsening economy, Mr Kohlhaussen said he was confident about the current year's trading.

He argued that it was not necessarily the case that the quality of loan business would deteriorate: there was evidence of high-quality companies borrowing from the bank again where in more prosperous times they could finance themselves through cash-flow.

The rights issue was planned for last September but was postponed due to turbulent market conditions. The decision had been taken to raise the cash to remove uncertainty from the share price over the timing of the issue – and because of uncertainties facing the German stock market, Mr Kohlhaussen explained.

He thought the positive impact of a cut in interest rates by the Bundesbank could be offset by poor corporate news and the worsening of the economy.

SBC in SFr122m bid for Hypobank

By Ian Rodger in Zurich

SWISS BANK Corporation (SBC) is making an agreed share exchange bid for Hypothekar-und Handelsbank Winterthur (Hypobank), a quoted regional bank based in Winterthur, worth about SFr122m ($85.3m).

The bid, the latest in a series of takeovers in the overcrowded Swiss banking sector, reflects the growing pressure on small banks dependent on depressed domestic commercial and property business.

Last week, in the biggest acquisition to date, CS Holding, the parent company of Credit Suisse, launched an agreed share exchange worth SFr1.5bn for Swiss Volksbank, Switzerland's fourth-largest bank.

SBC, the second-largest bank, said then it did not seek to expand its domestic retail presence massively and so had not made a bid for Volksbank. But it would consider opportunities in regions where it was weak. This, it said yesterday, was the case in north-east Switzerland, where Hypobank was active.

Hypobank, in which Winterthur Insurance has a 77 per cent stake, has assets of SFr1.53bn and, at end-1991, reported net equity of SFr107m. Profits plunged in 1991 to SFr100,000 from SFr6m, and SBC said yesterday it made a small profit last year.

Final terms of the offer to all shareholders are to be set by accountants Coopers & Lybrand, but SBC expects it to be at the rate of three of its bearer shares for each of the 125,000 Hypobank bearer shares. SBC bearer shares closed yesterday up SFr1 to SFr326.

Rhône-Poulenc cuts profit forecast

By William Dawkins in Paris and Paul Abrahams in London

RHONE-POULENC, the French state-owned chemicals group scheduled for partial privatisation by the end of the month, yesterday estimated that operating profits rose between 5 per cent and 10 per cent last year and that net earnings would also rise.

The announcement, the third time Rhône-Poulenc has downgraded its 1992 operating profits forecast, comes a fortnight before the February 1 deadline which the government has set itself to sell to the public at least 6m Rhône-Poulenc shares, 10.6 per cent of the total.

Company forecasts for growth in operating profits this year have already been halved from 20 per cent to 10 per cent. By mid-morning, Rhône-Poulenc investment certificates – or non-voting shares – had fallen to FFr516 and ended the day down FFr15 at FFr511.

Analysts in London were divided about the implications of the announcement. Some believed it had effectively released all available information in preparation for the share sale. However, Mr Michael Woodcock, French analyst at Nikko Europe, said it was possible market conditions were such that the government could postpone the issue.

The lowest price is set by a Comité d'Evaluation des Entreprises Publiques, a body which ensures the government receives a fair price for its shares. The lowest price is unknown, but some analysts believe it could be about FFr500.

Mr Jean-Pierre Tirouflet, finance director, said the end of the year had been difficult for chemicals because of the fall of the dollar and delays in purchases of agrochemicals by farmers, fearful of the consequences of European Community agriculture policy reform. Elf Aquitaine, the French state-owned oil group, recently revealed that its fertiliser sales had suffered from the same effect.

Rhône-Poulenc's net profits should rise in 1992, thanks to more asset sales than expected and a fall in debt servicing costs, Mr Tirouflet told Le Figaro newspaper. The group sold FFr4bn ($740m) of assets last year, FFr1bn more than its initial forecast, on which it made a FFr1bn capital gain. He estimated debts fell to less than 80 per cent of shareholders' funds by the end of 1992 and said Rhône-Poulenc was holding to its objective of cutting gearing to 50 per cent by 1994.

Net distributable profits fell by 21.4 per cent to FFr1.11bn in the first nine months of 1992, or declined by 2.6 per cent before payments to preferred shareholders. Net profits in 1991 rose by 3 per cent to just over FFr2bn.

Mr Tirouflet expected group operating profits to rise again this year, despite the fact that Rhône-Poulenc is expecting economic conditions to get worse.

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Pirelli sells Milanese property interest

By Haig Simonian in Milan

PIRELLI, the loss-making Italian tyres and cables group, has taken a further step in its financial recovery with the sale of a large part of its property interests.

The company has raised over L190bn ($138m) by disposing of much of the land in its Tecnocity property development project. The sale should realise an extraordinary gain of around L80bn in the 1992 accounts.

Tecnocity, also known as Bicocca, involves derelict land adjacent to one of Pirelli's manufacturing and office complexes on the outskirts of Milan. The plant, still occupied in making cables, used to be one of Pirelli's biggest manufacturing sites before production was shifted to more modern facilities.

Pirelli said the extraordinary gain would in part be set off against unspecified extraordinary losses or other negative items in its 1992 accounts. The group has been involved in a significant restructuring programme, with substantial job losses and some plant closures.

The Tecnocity site, which won outline planning approval late last year after lengthy bureaucratic delays, has been split into 11 separate lots. Each will be developed by a separate company. Milano Centrale Immobiliare, a property development group associated with Pirelli, will have an average 26 per cent stake in each.

Milan Centrale Immobiliare, which recently established a closer relationship with Knight Frank & Rutley, the UK property consulting group, is owned by Pirelli & C, the ultimate holding company for Pirelli.

No financial projections have been revealed for the Tecnocity scheme. However, the project is one of the biggest new office development schemes in Milan at present.

Norway insurer gains business

By Karen Fossli in Oslo

VITAL FORSIKRING, one of Norway's top three insurers, has won domestic corporate pension scheme business in 1992 worth additional funds of a net NKr1.16bn ($166m) and annual premium income of NKr100m.

Gross new business last year reached an estimated NKr1.3bn, providing annual premium income of NKr115m.

Analysts said that following last year's collapse of UNI Storebrand into the hands of government-appointed administrators, a number of domestic insurers had acquired some of UNI's business.

Vital said it suffered a net outflow of reserves and funds totalling NKr70m, representing a NKr8m reduction in annual premiums.

Vital Pekon, a subsidiary which administers pension schemes, had agreements with 25 funds, 13 secured last year, with NKr6bn of premiums and reserves under management and annual premiums of NKr600m.

UNI Storebrand lost an estimated NKr225m in annual premium payments in 1992 on pension schemes covering NKr2.8bn, while Gjensidige, also among the top five insurers, lifted annual premium income last year by NKr100m.

La Caixa posts 6.4% advance

By Tom Burns in Madrid

LA CAIXA, the Barcelona-based financial institution that ranks second after Italy's Cariplo among European savings banks, raised pre-tax profits last year by 6.4 per cent over 1991 to Pta42.2bn ($366m).

This comes after putting aside Pta34bn for bad debts, a 107 per cent increase on the 1991 provision for non-performing loans.

One of the most aggressive of the domestic savings banks, as well as the biggest, La Caixa has diversified in recent years to offer a full range of financial services, including commercial banking.

Last year, it signed an ambitious joint venture agreement with the Dutch-Belgian group Fortis aimed at securing a leading position in the Spanish insurance market.

Mr Josep Villarasau, La Caixa chairman, said yesterday funds managed by the savings bank had increased by 11.3 per cent last year.

Postipankki in red

POSTIPANKKI, the Finnish state-owned bank, said the 1992 net loss deepened to about FM600m ($110m), compared with a loss of FM135m in 1991, Reuter reports from Helsinki.

Thyssen Industries soars 50% to DM460m pre-tax

By Ariane Genillard in Essen

THYSSEN INDUSTRIES, the engineering arm of West Germany's biggest steel and engineering conglomerate, raised pre-tax profits by 50 per cent to DM460m ($289.3m) for the year ended September 30 1992 against DM307.3m the previous year.

The group, which produces components for the transport and energy sector, saw its sales rise by 4.2 per cent to DM8.7bn. Strong results were recorded in its elevators, transport technology and maritime innovation divisions.

But losses continued to plague its engineering group, which is suffering from the recession trends on the car industry.

Mr Eckhard Rohkamm, chairman of the board, said however that losses in the engineering divisions had been halved over the previous year and now stood "under DM60m".

The group will transfer DM186m to Thyssen AG, the parent company which also owns Thyssen Stahl, the loss-making steel operations. This compares with a DM52.1m transfer in the year ended September 30 1991.

Thyssen Industries account for 24.3 per cent of Thyssen AG's sales which stood at DM35.8bn for the year ended September 30 1992 .

Aerospatiale sales climb but markets remain tough

AEROSPATIALE, the French state-owned aerospace company, yesterday revealed its turnover and orders rose slightly in 1992, but markets remained tough and were unlikely to improve in 1993, Reuter reports from Paris.

Mr Louis Gallois, chairman, said sales rose to about FFr51bn ($9.44bn) from FFr48.6bn in 1991.

Aerospatiale booked orders worth about FFr39bn in 1992, bringing its order book to FFr149bn at the end of 1992, representing three years' work. In 1991 it booked FFr38bn in orders, and its end-1991 order book represented 2.6 years' work.

Mr Gallois declined to comment on 1992 earnings, saying he would not discuss these before the company's board had approved them.

"If I were much richer, I'd be much happier," Mr Gallois said. At the end of 1992 Aerospatiale had debts of FFr16.5bn against FFr14bn a year earlier, he said.

The company received a shot in the arm last year from the decision by Crédit Lyonnais, the French state-owned bank, to buy a 20 per cent stake in it, which took effect on January 1, 1993.

In addition to the possibility of acquisitions, Mr Gallois said his company could seek further alliances or deepen existing links.

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Digital stock soars as losses narrow

By Louise Kehoe in San Francisco

DIGITAL Equipment yesterday unveiled better-than-expected second-quarter results, with losses narrowing as the computer manufacturer cut costs and restructured its operations.

Net losses for the quarter were $73.9m, compared with a net loss of $155.2m in the second quarter of fiscal 1992. Operating revenues of $3.7bn were up 6 per cent from $3.5bn on a year ago.

Losses per share amounted to 57 cents, against $1.25, but Wall Street analysts had predicted losses of around 86 cents per share. Digital's share price rose sharply on news of the results to trade at $39¼ before the close, up from Wednesday's close of $34⅞.

Net losses for the first half were $334.4m, against a loss of $629.1m last time, which included a $485.5m charge for a change in accounting for retirement health benefits. Total operating revenues for the period were $7bn, up 3 per cent from $6.8bn last year.

Per share results were a $2.60 loss, against a loss of $5.05.

"We are encouraged with our progress toward the transformation of Digital," said Mr Robert Palmer, president and chief executive.

Mr Palmer, who succeeded Mr Kenneth Olsen – Digital's founder – as president in October, recently announced plans to restructure the company into nine business units.

Robert Palmer: encouraged

"Beginning in fiscal year 1994, these business units will have all of Digital's worldwide profit responsibility," Mr Palmer said yesterday.

Mr William Steul, vice-president and chief financial officer said: "While we were encouraged by our improvement in overall operating results compared with last year, results from some countries outside the US remained soft. Given the economic uncertainties worldwide, our outlook remains cautious.

"Our cost reduction efforts are continuing to produce results," he added. "Research and development spending declined by $19m and sales and general spending was essentially flat compared with the second quarter of last year."

Digital cut its workforce by almost 6,500 to 102,100 during the second quarter.

Motorola lifted by record fourth term

By Louise Kehoe

MOTOROLA'S share price rose sharply yesterday on record fourth-quarter sales and earnings, driven by strong growth in the US electronics manufacturer's communications and semiconductor businesses.

The share price was $6⅝ higher at $119 before the close in New York.

Net earnings for the quarter were $181m, or $1.35 a share, compared with $126m, or 96 cents, a year ago. Revenues were $3.71bn, up 22 per cent from $3.04bn in the corresponding period a year ago.

Net earnings for the year were $453m, or $3.39, after a $123m charge for accounting changes related to retirement benefits, compared with $454m, or $3.44, last time. Sales increased 17 per cent to $13.3bn from $11.3bn in 1991.

Worldwide demand for Motorola's products and services continued to grow in the fourth quarter said Mr George Fisher, chairman and chief executive. "While economic conditions remain uncertain in Europe and Japan, robust growth should continue in Asia Pacific markets.

"We expect North America to continue the modest recovery from the 1990-91 recession."

Motorola said its semiconductor sales increased 22 per cent to $4.48bn in 1992. In communications, sales rose 14 per cent to $4.14bn.

The Government Electronics Group's sales fell 8 per cent to $650m.

The group recorded an operating loss, compared with a profit a year ago which stemmed from increased investments in the proposed Iridium global communications system.

Motorola's computer business, which has been a weak performer in recent years, increased sales by 7 per cent to $625m.

The group posted an operating profit, compared with a loss a year ago.

Bank of New York profits climb sharply to $369m

By Alan Friedman in New York

THE BANK of New York, a large and conservatively-managed commercial bank, turned in net profits of $369m, or $4.23 a share, for 1992, up sharply from $122m, or $1.28, in 1991. Earnings were helped by stronger fee income, wider interest spreads and lower bad debt provisions.

Net income in the fourth quarter of 1992 was $104m ($1.14 per share), up from $66m, or 80 cents. Return on equity was 12.42 per cent.

Bank of New York's acquisition of the branch business of Barclays Bank of New York was completed last December 11, providing a small contribution to earnings. The Barclays purchase added $54m to non-performing assets, but the net total of such assets declined by $96m last year to $931m.

Bank of New York's bad debt provisions in 1992 were $427m, down from $746m in 1991.

On Wall Street, its share price was $¼ higher at $55 before the close.

First Chicago turned in fourth-quarter net earnings of $136.6m, or $1.53, compared with a $15.1m loss in the corresponding quarter of 1991. Earnings for the whole of 1992 were $93.5m, down from $116.3m the previous year.

Mr Richard Thomas, chairman, said the level of non-performing assets declined to $414m, the lowest since 1985, and commercial credit quality was improving.

Bad debt provisions for 1992 were $425m, down from $440m. The bank's return on its $49.3bn of assets in 1992 was just 0.17 per cent, even lower than the 0.22 per cent a year before.

In New Jersey, First Fidelity said its 1992 net earnings were 41.8 per cent higher at $313.7m. The bank's fourth-quarter net profit was 54.9 per cent better at $89.6m, while the return on assets was 1.15 per cent.

The New Jersey bank, which has been hit in the past by heavy commercial real estate loan losses, has embarked on a recovery campaign. But Mr Tony Terracciano, chairman, said: "We have come only part way in our efforts to bring the company to its full earnings potential."

In Florida, Barnett Banks, one of the biggest in the state, said its fourth-quarter net income fell to just $6.2m in 1992 from $44.1m the previous year because of a $92.6m restructuring write-off that resulted from its merger last month with First Florida.

For the whole of 1992 Barnett earned $207.7m of net profit, up sharply from $81.4m in 1991.

S&P credit warning for US carriers

By Nikki Tait

STANDARD & Poor's, one of the large Wall Street rating agencies, yesterday placed the debt securities of the three largest US carriers on creditwatch with a view to downgrading them. The companies are AMR, parent of American Airlines, UAL, parent of United, and Delta Air Lines.

The rating agency said the creditwatch listings were based on adverse industry and competitive developments that have worsened an already negative credit outlook.

S&P cited the prevalance of foreign investment in second-tier US carriers, which was allowing these airlines to maintain operations and "potentially pose more significant competition".

Air Canada, for example, planned to invest in Houston-based Continental Airlines, while KLM Royal Dutch Airlines planned to integrate operations with Northwest Airlines.

S&P pointed to the continued operation of bankrupt carriers, which were prolonging industry overcapacity caused by weak demand and over-aggressive aircraft orders.

Strong gaming results lift Hilton

By Nikki Tait in New York

HILTON Hotels, the California-based lodging and gaming company, yesterday reported a 23 per cent improvement in after-tax profits during 1992, to $103.9m. The advance was largely due to better results from the casino side, with the hotels turning in a flat performance.

Overall, the company posted operating profits of $219.9m for the year, a 19 per cent improvement. Within this, however, the gaming division – boosted by the purchase of the Reno Hilton at the end of July – made $153.4m, up from $115m, while the hotels side posted operating profits of $91.5m, slightly lower than the previous year's $92.9m. Total revenues were $1.23bn, an 11 per cent advance.

During the fourth quarter, net profits were $26.5m, down from $29.6m in the same period of 1991. Operating profits were marginally higher at $56.4m, but although the gaming division showed a 33 per cent operating profit improvement, the hotels slipped by 6 per cent.

Yesterday, Hilton said it continued to see "weak conditions in certain key markets", on the hotel front, and average room rates were lower than in 1991 "due to competitive conditions".

Hotel occupancy for 1992, however, increased to 66 per cent – a couple of percentage points higher than in 1991.

On the gaming side, the company was much more optimistic.

The Nevada property saw occupancy rise from 85 per cent to 87 per cent, with an increase from 81 to 86 per cent in the final quarter.

Hilton said it planned to spend $246m on expansion and renovation of properties in Nevada during the next two years and estimated the cost of its gaming riverboat venture in Kansas City – which is still subject to approval by local residents – at $75m.

FCC forecasts significant turnround

By Robert Gibbens in Montreal

PEAK US timber prices, a sharply lower Canadian dollar and strengthening demand for most papers are bringing back some optimism in the battered Canadian forest products industry.

A restructured Fletcher Challenge Canada, the first integrated group to report for the final quarter of 1992, says a significant turnround is under way. The company is 72 per cent-owned by Fletcher Challenge of New Zealand.

In the second quarter to December 31, it lost C$4.8m (US$3.2m), or 6 cents a share, against a profit of C$17.2m, or 28 cents, a year earlier which included a C$35m net gain on an asset sale. Sales were C$269m, against C$250m.

The first-half loss was C$23.6m, or 30 cents a share, against a small profit equal to 1 cent a share a year earlier after the special gain. Sales were C$470m, against C$502m.

The figures mask a significant turnround, said the company. For instance, newsprint shipments in the second quarter were up 49 per cent and coated papers 11 per cent.

Overall, the industry is expected to post total losses of nearly C$1bn for all 1992, against a loss of C$2.5bn in 1991. It shipped 75 per cent of its products to the US.

Price increases are likely in the second quarter of 1993 and inventories will tighten.

Timber prices have soared with rising US housing starts and some mills are calling back workers to raise output.

Swedbank to seek state support

By Christopher Brown-Humes in Stockholm

SWEDBANK yesterday became the latest Swedish bank to seek government support, in a further indication of the extent of the crisis facing the country's financial sector.

The bank, which claims to be the largest bank in the Nordic countries after being formed from 11 savings banks, said it was worried that continuing recession in the Swedish economy would put it in breach of international capital adequacy requirements during 1993.

Mr Goran Collert, Swedbank managing director, also warned the bank's 1992 deficit could be even greater than the SKr8.5bn ($1.1bn) predicted last October when credit losses for the year were anticipated to total SKr14.5bn. "It could be another SKr1bn more," he stated.

Swedbank had already warned it might have to seek state support if the economic outlook did not improve.

Its decision to seek discussions with the Finance Ministry means Svenska Handelsbanken is the only leading Swedish bank not to be inquiring about or already receiving state support.

In the first eight months of 1992, Swedbank suffered an operating loss of SKr6.5bn, after loan losses rose to SKr10.4bn. Its capital adequacy ratio stands at around 8.5 per cent, but is likely to fall below 8 per cent this year without an economic upturn.

Zale agrees reorganisation scheme

By Nikki Tait

ZALE Corporation, the largest jewellery retailer in the US but operating under Chapter 11 bankruptcy protection since January 1992, is believed to have reached agreement on a reorganisation plan with all its leading creditors.

The company's efforts to haul itself out of Chapter 11 had run into problems with the creditors of its credit unit, Zale Credit Corporation.

Under bankruptcy procedure, the reorganisation scheme must be approved by the courts. Full details of the plan were not available immediately, but it is understood to involve a debt-for-equity swap by creditors.

One party involved in the matter suggested that Zale could emerge from Chapter 11 by the second quarter of 1993.

Zale's equity is largely owned by Peoples Jewellers, based in Toronto, and Swarovski International Holding, a vehicle for the wealthy Austrian family. It was unclear if existing shareholders would get anything in the reorganisation.

Nissan and Mazda in supply deal

By Charles Leadbeater in Tokyo

NISSAN and Mazda, two of Japan's leading carmakers, have agreed to provide each other with small vans and light trucks in a significant step towards the consolidation of the hard-pressed Japanese motor industry.

Under the deal, Nissan is likely to suspend production of some of its light commercial vehicles and instead sell trucks supplied by Mazda. Mazda will streamline its range of vans by being supplied by Nissan.

Mr Yoshifumi Tsuji, Nissan president, said the alliance was designed to improve profitability by reducing development costs.

The partnership is the latest sign of the pressure Japan's vehicle makers are under to cut costs in response to sharp falls in profits over the past two years.

It follows a similar deal announced last month between Izusu and Honda. Izusu will supply Honda with its Rodeo recreational vehicle, plugging an important gap in Honda's product range. Honda will supply Izusu with small passenger cars. Izusu is pulling out of passenger car production.

The pressure for consolidation among the weaker producers in the Japanese car industry, which is struggling beneath a burden of excess production capacity, marks a sharp change of fortune.

Until about 18 months ago, the Japanese producers were confidently expanding across the world and widening their product ranges. In the past year, cuts in capital investment have become widespread, companies are lengthening the gap between model changes and pulling in their horns internationally.

Analysts believe the current downturn may usher in an era of slow growth in car demand which will make it increasingly difficult for Japan to support nine fiercely competitive car producers.

Yoshifumi Tsuji: expects alliance to cut costs

The Japanese industry is separating into two groups. Companies such as Toyota, the leading producer, Mitsubishi and Suzuki are weathering the downturn in relatively sound financial health.

However producers such as Nissan, Mazda and Honda have been badly hit by declining sales just as they are shouldering the financial burden of heavy investments they made in the late 1980s.

Mr Koji Endo, analyst at S. G. Warburg securities said: "No Japanese maker other than Toyota has the resources to sustain a comprehensive product range. This deal is the first step towards a wider partnership and other companies will have to follow, targeting their resources at specific segments of the market."

Nissan reported a loss in the six months to the end of last September of Y14.24bn ($113m) largely because it has been losing market share in Japan's declining market. Nissan's sales in Japan last year fell by 20 per cent to 546,778 units and its market share fell by 1.2 per cent to 22 per cent.

Mazda reported a 73 per cent fall in pre-tax profits for the first half of the year to Y3bn.

Campbell Soup increases bid for Arnotts

By Kevin Brown

CAMPBELL Soup, the US food group, yesterday increased its takeover offer for Arnotts, the Australian biscuit maker, from A$8.80 to A$8.50 a share, valuing the group at just under A$1.3bn (US$874m).

The increased offer followed a ruling by the New South Wales Supreme Court that a 1985 agreement between the companies means that Campbell cannot vote more than 14.9 per cent of its shareholding unless it acquires at least 85.1 per cent of Arnotts' stock.

Arnotts had appealed against an earlier ruling by a lower court that the agreement would become invalid if Campbell acquired more than 40 per cent of Arnotts' shares. Campbell is thought unlikely to consider a further appeal to the federal High Court.

Campbell, which owns 32.9 per cent of Arnotts, had hoped to acquire a further 17.2 per cent of the stock for A$206m, giving it a majority shareholding of 50.1 per cent.

Mr David Johnson, Campbell's chief executive, said the revised offer was "final" and would not be improved.

However, analysts said the offer might be insufficient to acquire a large enough holding to exercise control. Arnotts' shares closed 30 cents higher at a record A$9.50 on the Australian Stock Exchange, matching the revised offer.

The revised bid represents a multiple of 27 times 1991-92 net profits, 13.1 times earnings before interest and tax, and twice Arnotts' sales in the last full year.

Campbell said the offer took into account a forecast increase in Arnotts' earnings in the first half of 1992-93.

Campbell's earlier offer was rejected by most Australian financial institutions. Advisers to Arnotts have suggested that an offer of A$12 would be required to win a recommendation from the board.

An independent report commissioned by Arnotts valued the group at a minimum of A$10.78 a share. Advisers to Campbell have said the valuation is too high.

The shareholding agreement between the companies was drawn up when Campbell took a friendly shareholding in Arnotts to help fight off an unwelcome takeover bid by Mr Alan Bond, the former Australian entrepreneur.

Investment cut planned by Japan Airlines

By Bethan Hutton in Tokyo

JAPAN Airlines yesterday announced drastic restructuring plans aimed at reversing pre-tax losses estimated at Y50bn ($398m) for the year to March 1993.

Over the next two years the airline plans to cut investment by Y100bn a year, and costs by Y100bn next year. Total investment for 1993-1997 is now projected at Y1,000bn rather than the original Y1,600bn. JAL says this will enable it to break even in the next financial year, return to profitability in 1994, and restore dividends in 1995. The airline made pre-tax losses of Y6.4bn last year.

Restructuring plans were first announced in June, but deepening losses have made further action necessary. JAL blames its difficulties on falling international passenger demand, particularly from business travellers, and increased competition.

The main target of capital spending cuts will be the introduction of new aircraft. The scheduled acquisition of 25 Boeing 747-400s will be delayed, but five smaller-capacity Boeing 767s will be added to 35 other aircraft already on firm order. Cuts in ground investment include three large airport-based projects, and leasing rather than buying information systems.

JAL aims to decrease its reliance on international traffic revenues from 70 per cent to 60 per cent over the next four years by increasing its share of the domestic flight market to at least one-third.

Withdrawal from some unprofitable international routes and increased capacity to more popular destinations, such as Shanghai, Hawaii and Rome are also planned.

The airline said personnel would be further reduced, after about 400 jobs cuts last year, but gave no indication of the scale of possible cuts. The hiring of ground staff, which was halved in this financial year, will be frozen in 1994.

Bangkok Bank beats forecast with Bt10.5bn

BANGKOK Bank, Thailand's largest bank, posted better-than-expected net profits of Bt10.5bn ($411m), or Bt10.54 a share, for 1992, against Bt7.3bn, or Bt8.23, a year ago, Reuter reports from Bangkok.

The bank said the earnings growth could be attributed to a 14.9 per cent rise in lending during the year, despite sluggish investment by the Thai private sector.

Mr Mike Stead, an analyst at Union Securities, a local brokerage, said Bangkok Bank had been expected to net Bt9.9bn profits, or Bt9.90 a share, in 1992.

Mr Damrong Krisnamara, deputy chairman, said the bank was raising its 1992 provision for loan loss reserves to Bt15bn from Bt12bn a year earlier. The bank would continue to focus on improving the quality of its loans in 1993 with its market share receiving a lower priority.

Mr Chatri Sophonpanich, executive chairman, said the bank was seeking to expand its foreign business especially in Indochina and China, to boost its position as a big regional bank.

Westpac shares fall after Packer resigns from board

By Kevin Brown in Sydney

WESTPAC, the troubled Australian bank, was plunged into renewed uncertainty yesterday after Mr Kerry Packer and an associate resigned from the board following a dispute about the bank's restructuring programme.

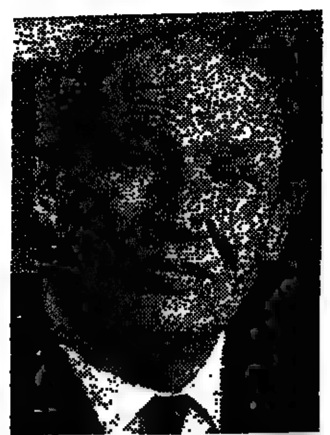
Westpac shares fell 13 cents to A$2.91 after the resignations, underlining market concern about the departure of Mr Packer, proprietor of the Consolidated Press Holdings media group, and Mr Al Dunlap, ConsPress managing director.

Analysts said the shares were likely to come under further pressure unless the resignations were properly explained. However, ConsPress said neither Mr Packer nor Mr Dunlap would comment.

Westpac said the resignations followed a "disagreement" about management of the restructuring programme, announced late last year after the bank announced a record net loss of A$1.5bn (US$1bn) for the year to the end of September.

The dispute is believed to have centred on the pace of restructuring and the choice of a managing director to replace Mr Frank Conroy, who resigned in December following pressure from Mr Packer and other major shareholders.

Mr Packer is believed to have sought the appointment of Mr Dunlap, an American corporate restructuring specialist who has carried out a successful shake-up at ConsPress over the past year.



Kerry Packer: formally joined Westpac board last week

Westpac said a replacement for Mr Conroy would be announced before the bank's annual meeting next week, when the board is expected to be the target of strong criticism from shareholders.

Mr John Uhrig, chairman, said the board had agreed to accelerate the restructuring programme by cutting between 10 per cent and 20 per cent of staff over the next three years.

The bank also plans to cut costs and improve revenue by A$300m a year, reduce the ratio of expenses to revenue from 70 per cent to 58 per cent, and cut corporate lending risks by A$10bn by 1995.

Mr Packer is believed to have sought a much faster redundancy programme and a bigger reduction in corporate lending, which would have reduced Westpac's assets from A$110bn to well below A$100bn.

Mr Packer and Mr Dunlap formally joined the Westpac board last week after ConsPress acquired nearly 10 per cent of Westpac's shares, close to the ceiling allowed under federal banking law.

ConsPress could lift its holding to a maximum of 15 per cent, but only with the consent of Mr John Dawkins, the federal treasurer and the Westpac board.

Westpac has been in difficulties since the failure in October of a A$1.72bn rights issue which closed 72 per cent undersubscribed, leaving many sub-underwriters holding unwanted shares.

Five directors resigned after the rights issue debacle, including the then chairman. The bank's shares, which traded at about A$4.50 at the beginning of 1991, fell to a low of about A$2.65 in November after the announcement of the record loss.

● Documents filed with the Australian Securities Commission, the corporate watchdog, showed that ConsPress increased net profits to A$467m in the year to June 30, compared with A$17.6m in the previous year.

The documents showed that the shake-up masterminded by Mr Dunlap included the sale of more than 90 companies, leaving the company debt-free.

MCRB plans to generate cash

By Kieran Cooke in Kuala Lumpur

MALAYSIAN Resources (MCRB), a group mainly involved in the property sector, has disclosed details of how it intends to raise the cash to take up controlling stakes in the New Straits Times Press, Malaysia's biggest media group, and TV3, the country's only privately-owned television station.

Last week, the Renong Group, the sprawling conglomerate controlled by the United Malays National Organisation, the country's main political party, announced plans for the M$800m (US$320m) sale of NSTP and TV3 to Realmild, a small company controlled by four senior NSTP executives.

Subsequently, the four announced that MCRB would be the takeover vehicle for the management buy-out of Renong's media interests.

MCRB plans to raise M$440m through a rights issue, M$110m through bonds with transferable subscription rights and M$250m through bank borrowings and internally generated funds.

Under the terms of the deal reached between Realmild and Renong, the cash for the media interests – bought at a substantial premium to NSTP's and TV3's present share prices – has to be raised within six months.

The deal has been viewed with intense interest – and some scepticism – by Malaysia's business people and politicians.

There are doubts that even if the MCRB cash-raising exercise is successful, Realmild will be able to generate enough cash from NSTP and TV3 to repay loans and provide dividends to shareholders.

Realmild is believed to be closely linked to Mr Anwar Ibrahim, Malaysia's finance minister. Analysts say Mr Anwar is keen to gain influence over the country's important media groups in the run-up to party elections later this year which are likely to decide a successor to Dr Mahathir Mohamad, the country's prime minister.

It is believed that Realmild might need a substantial cash injection to make its acquisitions of NSTP and TV3 a success. There have been rumours that Hicom, an investment holding company controlled by the ministry of finance, might be interested in taking up a stake in Realmild.

Akai makes losses as domestic sales sink

By Robert Thomson in Tokyo

AKAI Electric, the Japanese video and audio equipment maker, yesterday blamed a Y247m ($1.97m) pre-tax loss for the year to the end of November on the collapse of domestic demand for consumer electronics and on currency fluctuations in the European market.

The Tokyo-based company, which reported a pre-tax profit of Y2.4bn in the previous year, said sales fell 13.5 per cent to Y56.6bn, reflecting the particularly harsh conditions in the domestic market, where video cassette recorder output slid 21.4 per cent in the third quarter last year.

During the same quarter, tape recorder output by the Japanese industry fell 24 per cent and that of stereo components was down 5.3 per cent. A record fall in Tokyo department store sales in December suggests that trading conditions for consumer electronics makers will get worse before they get better.

However, Akai is aiming for a 6 per cent increase in sales this year to Y60bn and a pre-tax profit of Y200m, with increased VCR demand in Europe expected to compensate for a sales decline in sales in Japan. Increased demand is not expected until the second half, and the company is forecasting a first-half loss of Y800m.

Akai said capital spending would be reduced from Y2.6bn last year to about Y2bn, and the company has announced that it will be more flexible in choosing components suppliers in an attempt to cut costs.

Dutch investment group takes over Bank of Athens

By Kerin Hope in Athens

HANWHA First Investment, the Dutch-based investment subsidiary of Korea's Hanwha group, is to take control of Bank of Athens, a small state-owned bank offered for sale under the Greek government's privatisation programme.

Hanwha, bidding in partnership with Rabo Bank of the Netherlands, offered Dr6.8bn ($34m) for 66.7 per cent of the bank's common shares in the first privatisation carried out through a public tender offer on the Athens stock exchange.

Hanwha's bid of Dr6,180 per share for 1,106,020 shares of common stock was ahead of Dr6,150 offered by Eteva, a Greek investment bank which made the only other bid.

Minority shareholders were given an opportunity to accept the offer before the state-owned National Bank of Greece, which controls 75 per cent of Bank of Athens equity, released its shares for sale.

Hanwha, a Korean conglomerate with interests in financial services, chemicals and oil products, is the first Asian investor in Greek banking.

Bank of Athens had profits of Dr2.06bn for 1991. First-half profits last year declined by 9 per cent to Dr1.01bn.

The Power of Ideas: M&A 1992.

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*Number one in dollar volume.
Number one in transaction volume.
Source: Securities Data Company.

CS First Boston Group Client	Description of Transaction	Approximate Size of Transaction
Automotive		
Federal-Mogul Corporation	Acquisition of Automotive Aftermarket Business from TRW Inc.	$213,000,000
Northrop Corporation	Acquisition of Wellman Machinery of Michigan, Inc. from Wellman, Inc.	Not Disclosed
Republic of Poland	Sale of a 90% Interest in Fabryka Samochodow Malolitrazowych S.A. to Fiat S.p.A.	2,200,000,000
United Technologies Corporation	Divestiture of the Automotive Hoses and Fittings Division to an Investor Group	Not Disclosed
Unocal Corporation	Divestiture of National Truckstop Operations to National Auto/Truckstops, Inc.	180,000,000
Chemicals		
Alberta Natural Gas Company Ltd.	Divestiture of Angus Fine Chemicals Ltd. to Hickson International PLC	43,000,000
Ferro Corporation	Divestiture of Metallurgical Products Business to Cookson Group Plc	Not Disclosed
Grupo IRSA, S.A. de C.V.	Advisory on Divestiture of Certain Petrochemical Assets of DESC Sociedad de Fomento Industrial, S.A. de C.V. and Monsanto Company in Mexico	Not Disclosed
M. A. Hanna	Acquisition of Colorant and Additive Concentrates Business from Akzo N.V.	Not Disclosed
Consumer Products & Services		
Ecolab Inc.	Divestiture of ChemLawn Corp. to ServiceMaster Consumer Services L.P.	Not Disclosed
Henkel KGaA	Acquisition of Nobel Consumer Goods from Nobel Industrier AB	Not Disclosed
Horizon Industries, Inc.	Sale of Company to Mohawk Industries, Inc.	86,500,000
S. C. Johnson & Son Inc.	Acquisition of Drackett Co. from Bristol-Myers Squibb Company	1,150,000,000
Pitney Bowes Inc.	Divestiture of Wheeler Group Inc. to Butler Capital	80,000,000
Tatramat s.a.	Joint Venture and Sale of 43% Interest in Washing Machine Business to Whirlpool	Not Disclosed
Trivest, Inc.	Sale of Sun Pharmaceuticals, Ltd. to Thomas H. Lee Company	Not Disclosed
TW Holdings, Inc.	Sale of 47.2% Interest to a Partnership Formed by Kohlberg Kravis Roberts & Co.	300,000,000
Depository Institutions		
ADVANTA Corp.	Advice with Respect to Adoption of Dual-class Stock Plan	Not Disclosed
California Federal Bank FSB, a subsidiary of CalFed Inc.	Divestiture of Trust Services of America, Inc. to Northern Trust Corporation	63,000,000
Comerica Incorporated	Merger for Stock with Manufacturers National Corporation	1,100,000,000
Comerica Incorporated	Acquisition of Hibernia National Bank Texas	63,100,000
First American Bankshares, Inc.	Divestiture of First American Bank of Georgia NA to SouthTrust Corp.	Not Disclosed
First Fidelity Bancorporation	Acquisition of Northeast Bancorp, Inc. (Pending)	29,500,000
Her Majesty the Queen in Right of New Zealand	Sale of 85% of the Bank of New Zealand by Her Majesty the Queen in Right of New Zealand and Fay, Richwhite & Co. Ltd to National Australia Group Ltd, a wholly owned subsidiary of National Australia Bank Limited	667,740,000
Security Pacific Corporation	Stock Swap Merger with BankAmerica Corporation	4,300,000,000
Society Corporation	Acquisition for Stock of Ameritrust Corporation	1,200,000,000
Society Corporation	Acquisition of First Federal Savings & Loan Association of Fort Myers, Florida (Pending)	140,000,000
Swedish Ministry of Finance Representing the Kingdom of Sweden	Restructuring of Nordbanken and Capitalisation of Securum (Pending)	Not Disclosed
United Mexican States	Sale of Banco Mexicano Somex to an Investor Group	609,100,000
United Mexican States	Sale of Banco del Centro to an Investor Group	281,400,000
United Mexican States	Sale of 66% Interest in Banco Promex to an Investor Group	352,000,000
United Mexican States	Sale of Banco Internacional to an Investor Group	481,000,000
United Mexican States	Sale of Banco Mercantil del Norte to an Investor Group	565,100,000
United Mexican States	Sale of Banco del Atlantico to an Investor Group	479,000,000
United Mexican States	Sale of Multibanco Comermex S.A. to an Investor Group	872,000,000
United Mexican States	Sale of Banoro Bank to an Investor Group	365,000,000
United Mexican States	Sale of Banca Serfin to an Investor Group	924,000,000
Valley National Corporation	Sale of Company for Stock to Banc One Corporation (Pending)	1,255,000,000
Food & Beverage		
American Maize-Products Co.	Acquisition of Remaining Interest in American Fructose Corporation (Pending)	115,000,000
Australian Primary Trust	Sale of Uncle Toby's Company Ltd to Goodman Fielder Wattie Limited	239,250,000
Cereol Holding S.A., a unit of Ferruzzi Group	Acquisition of Növényolajipari és Mosósozergyártó Vállalat from the Hungarian State Property Agency	Not Disclosed
Elite Industries Limited	Third Party Valuation of Sofpac S.A.	39,000,000
Freia Marabou a.s	Sale of Company to Kraft General Foods, Inc., a unit of Philip Morris Companies Inc. (Pending)	1,500,000,000
Kraft General Foods, Inc., a unit of Philip Morris Companies Inc.	Divestiture of Louis Kemp Seafood Company to Tyson Foods Inc.	Not Disclosed

CS FIRST BOSTON GROUP

1992 M&A Results (Continued)

CS First Boston Group Client	Description of Transaction	Approximate Size of Transaction
Lion Nathan Limited	Acquisition of the Remaining 50% of National Brewing Holdings Limited from Australian Consolidated Investment Limited	$308,125,000
Procordia AB	Sale of W. Weibull AB to SLR	Not Disclosed
R.J. Reynolds Tobacco International S.A.	Acquisition of 87% Interest in Satoraljaujhely Tobacco Ltd. from the Hungarian State Property Agency	Not Disclosed
Sandhurst Dairies Ltd, a wholly owned subsidiary of Coles Myer Limited	Sale of Milk Processing Assets and Business of Sandhurst Dairies Ltd to Q.U.F. Industries Ltd	Not Disclosed
Stella D'oro Biscuit Company, Inc.	Sale of Company to Nabisco Inc., a subsidiary of RJR Nabisco Holdings Corp.	Not Disclosed
Tabacalera S.A.	Acquisition of Remaining 52.9% Interest in Compañía de Filipinas, S.A.	70,000,000

Health Care

American Medical International, Inc.	Divestiture of West Alabama Hospital to DCH Regional Medical Center	Not Disclosed
Centocor, Inc.	Strategic Alliance with Eli Lilly and Company	100,000,000
Hospital Corporation International Ltd.	Merger with Bioplan Holdings, plc	100,000,000
Immunex Corporation	Merger with American Cyanamid's Lederle North American Oncology Business (Pending)	900,000,000
Medical Care International, Inc.	Stock Swap Merger with Critical Care America, Inc. to form Medical Care America, Inc.	908,000,000
Omnicare, Inc.	Divestiture of the Veratex Group to Chemed Corporation	62,120,000

Industrial & Other

ADT Ltd	Divestiture of Quoteplan Plc to Bowater Plc	401,000,000
Aer Lingus plc	Divestiture of ATS, Inc. to a Management-led Investor Group	Not Disclosed
American Dredging Company	Sale of substantially all of the Operating Assets of the Company to Weeks Marine, Inc. (Pending)	30,600,000
Arcata Corporation	Divestiture of San Jose, CA Printing Plant to Quebecor Printing, Inc.	29,500,000
Armco Inc.	Divestiture of Southwestern Ohio Steel Group to a Partnership between C. Itoh & Co., Ltd. and Armco Steel Company, L.P.	Not Disclosed
Banco do Brasil	Sale of 89% Interest in ACESITA to Investors	882,000,000
CDL Hotels International	Acquisition of Gloucester Hotel from The Rank Organization Plc (Pending)	104,000,000
Clark Equipment Co.	Divestiture of the Forklift Truck Business to Terex Corp.	90,000,000
Cookson Group Plc	Sale of Plibrico (Canada) Ltd. to Didier-Werke AG	Not Disclosed
DeVlieg-Bullard Inc.	Divestiture of Penberthy Inc. to Newflo Corp.	22,400,000
E. I. du Pont de Nemours and Company	Divestiture of the Connectors Division to Hicks, Muse & Co., Inc. and Mills & Partners (Pending)	400,000,000
Envirosafe Services, Inc.	Sale of Remaining Interest to EnviroSource Inc.	15,000,000
Fedders Corporation	Divestiture of Rotorex to Nycor Inc.	76,600,000
Glaverbel S.A.	Acquisition of AFG Industries Inc. by Glas International, a 50/50 Joint Venture of Glaverbel S.A. and Asahi Glass Co., Ltd.	1,100,000,000
Heekin Can, Inc.	Merger with Ball Corporation (Pending)	249,000,000
Fried. Krupp AG	Merger with Hoesch AG to form Fried. Krupp AG Hoesch-Krupp	2,700,000,000
JWP Inc.	Sale of JWP Air Emissions Group to Wheelabrator Technologies Inc.	Not Disclosed
MacAndrews & Forbes Holdings Inc.	Divestiture of Coleman Powermate Inc. and Coleman Powermate Ltd. to Coleman Co.	61,000,000
Mobil Corporation	Divestiture of Mobil Oil Austria's Vienna Headquarters Office Building to Interunfall AG	Not Disclosed
Oranje-Nassau Group	Divestiture of ENBI Group to Koninklijke Nijverdal-Ten Cate	Not Disclosed
Teledyne, Inc.	Divestiture of Teledyne Post and Teledyne National Divisions to Phomat Reprographics, Inc.	Not Disclosed
Teledyne, Inc.	Divestiture of Teledyne INET Division to MagneTek, Inc.	Not Disclosed
Teledyne, Inc.	Divestiture of Teledyne Big Beam Division to Shah Acquisition Corp.	Not Disclosed
Treuhandanstalt	Sale of NARVA Berliner Glühlampenwerk GmbH to an Investor Group	Not Disclosed
Treuhandanstalt	Sale of Thüringer Pneumatik GmbH and Hydraulikanlagen und -service GmbH, units of ORSTA AG, to Mannesmann-Rexroth GmbH	Not Disclosed
Treuhandanstalt	Sale of Hydraulik Ballenstedt, a unit of ORSTA AG, to Linde AG	Not Disclosed
Treuhandanstalt	Sale of six units of COMAC AG to an Investor Group	Not Disclosed
Union Carbide Corporation	Sale of a Majority Interest in Gas Tech Inc. to Gas Tech Employee Stock Option Plan	Not Disclosed
United Dominion Industries Limited	Acquisition of Certain Businesses from Robertson-Ceco Corporation	135,000,000

Insurance & Investment Companies

Associated Insurance Companies, Inc.	Merger with Southeastern Mutual Insurance Company (Pending)	250,000,000
Clayton Dubilier & Rice Inc.	Acquisition of Van Kampen Merritt Companies from Xerox Corporation (Pending)	360,000,000
New York State Department of Insurance	Sale of Assets of Executive Life Insurance Company of New York to Metropolitan Life Insurance Company (Pending)	1,500,000,000
Phoenix Mutual Life Insurance Company	Merger with Home Life Insurance Company	211,000,000
Selective Insurance Group Inc.	Acquisition of Niagara Exchange Corp.	32,000,000
Topdanmark A/S	Advice with Respect to European Partnership	824,000,000
The Board of Administrators of UNIStorebrand under official administration	Advice with Respect to Restructuring (Pending)	Not Disclosed
Virginia Bureau of Insurance	Sale of Fidelity Bankers Life Insurance Co. to Hartford Life Insurance Co., a subsidiary of ITT Corp. (Pending)	4,100,000,000

Media & Telecommunications

American Television & Communications Corporation	Advice and Fairness Opinion with Respect to Offer by Time Warner Inc. for Remaining Interest	1,250,000,000
1st Cable Vision, Inc.	Advice and Fairness Opinion with Respect to Acquisition of a Cable Television System	Not Disclosed
Fujisankei Communications Group	Sale of Virgin Music Group to Thorn EMI PLC	1,000,000,000
The Government of the Hellenic Republic	Sale of a GSM Cellular License to STET	410,000,000
The Government of the Hellenic Republic	Sale of a GSM Cellular License to a Consortium Led by Vodafone and France Telecom	410,000,000
Graphic Management Associates, Inc. (GMA)	Sale of Company to Muller Martini	Not Disclosed
Intermedia Partners	Advice and Fairness Opinion with Respect to Acquisition of Cable Television Systems	Not Disclosed
Providence Journal Company and Kelso & Company	Acquisition of King Broadcasting Company	Not Disclosed
The E.W. Scripps Company	Divestiture of The Pittsburgh Press to Blade Communications, Inc.	Not Disclosed
Taft Broadcasting Partners, Ltd.	Sale of Interest in WPHL Inc. to Tribune Broadcasting Company, a unit of Tribune Company	19,000,000
Treuhandanstalt	Sale of DEFA Studio Babelsberg GmbH to Cie. Immobilière Phénix S.A.	Not Disclosed
Treuhandanstalt	Sale of Dokfilm Gesellschaft für Film-, Video- und Fernsehproduktionen GmbH to Filmhaus Film- und Fernsehproduktion GmbH	Not Disclosed
Treuhandanstalt	Sale of DEFA Studio für Dokumentarfilme GmbH and Defa Synchron GmbH to Kirch Group	Not Disclosed

Natural Resoures

Arkla, Inc.	Acquisition of Minority Interest in Arkla Exploration Company	92,600,000
Arkla, Inc.	Sale of Arkla Exploration Company to Seagull Energy Corporation	402,100,000
Arkla, Inc.	Divestiture of the Nebraska Distribution Assets to People's Natural Gas, a unit of Utilicorp (Pending)	78,000,000
Arkla, Inc.	Divestiture of the Kansas Distribution Assets to People's Natural Gas, a unit of Utilicorp (Pending)	25,000,000
Arkla, Inc.	Swap of Certain Minnesota Distribution Assets of Midwest Resources Inc. for South Dakota Distribution Assets and $38,000,000 (Pending)	Not Disclosed
Baker Hughes Incorporated	Acquisition of Teleco Oilfield Services Inc. from Sonat Inc.	350,000,000
BASF Corp.	Divestiture of Wintershall Energy to Eland Energy Inc.	Not Disclosed
BASF Corp.	Divestiture of Wintershall Energy to Interstate Natural Gas Co.	Not Disclosed
BJ Services Company	Acquisition of Salvesen Oilfield Technologies Ltd. from Christian Salvesen PLC	55,000,000

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1992 M&A Results (Continued)

CS First Boston Group Client	Description of Transaction	Approximate Size of Transaction
Cooper Industries, Inc.	Sale of Mining and Construction Division (Pending)	Not Disclosed
Devon Energy	Acquisition of all U.S. oil and gas properties of Hondo Oil & Gas	$126,600,000
Exxon Corporation	Divestiture of the Bayway Refinery to Tosco Corporation	175,000,000
Gas Natural et.al.	Acquisition of 70% Interest in Distribution de Gas Buenos Aires Norte S.A.	284,000,000
W.R. Grace & Co.	Tender Offer for Remaining Interest in Grace Energy Corporation	77,500,000
Hierro Peru	Sale of Hierro Peru to Shougang Corporation	312,000,000
Homestake Mining Company	Stock Swap Merger with International Corona Corporation	869,000,000
Mitchell Energy & Development Corp.	Advice with Respect to Adoption of Dual-class Stock Plan	Not Disclosed
Oryx Energy Company	Divestiture of Natural Gas Processing Facilities to various Acquirors	237,000,000
Pittston Coal Company	Acquisition of Kanawha Land Company from Addington Resources Inc.	42,500,000
Presidio Oil Company	Divestiture of Mountain Gas Resources Inc. to MS Gas Resources Inc.	80,000,000
Smith International Inc.	Divestiture of the Directional Drilling Systems & Services Unit to Halliburton Company (Pending)	240,000,000
Transco Energy Company	Divestiture of Tomcat Gathering System in Gulf of Mexico to Tejas Power Corp.	24,900,000
Transco Energy Company	Divestiture of Brazos Area Gathering System to Seagull Energy Corporation	6,200,000
Transco Energy Company	Divestiture of Louisiana Offshore Pipelines to DeepTech International	65,000,000
Transco Energy Company	Divestiture of West Chalkley Field to Torch Energy Advisors	82,000,000
Transco Energy Company	Divestiture of Transco Exploration and Production Company to Forest Oil Corporation	45,000,000
Unocal Corporation	Divestiture of Petroleum Terminals to Louis Dreyfus Energy Corp.	Not Disclosed

Paper & Packaging

Crown Cork & Seal Company, Inc.	Acquisition of CONSTAR International Inc.	515,000,000
Double Envelope Corporation	Sale of Company to National Fiberstok Corporation, a portfolio company of McCown DeLeeuw & Co.	Not Disclosed
European Vinyls Corporation International SA/NV	Divestiture of Vymura International to Management	27,000,000
Jihočeské papírny, a.s.	Sale of JIP České Budějovice papirny, a.s. (Bupak) to Duropack Holding AG	Not Disclosed
Lawson Mardon Group	Acquisition of 100% Equity Interest in Cartonajes Suner from Cragnotti & Partners	71,000,000
Ncb AB	Divestiture of Hannover Papier AG to Sappi Ltd.	470,000,000
Papíripari Vállalat	Sale of Majority Interest in Szolnok Papier Rt. to Brigl & Bergmeister Papierfabrik Aktiengesellschaft	Not Disclosed

Retail & Apparel

Garvey Holding AG, a subsidiary of CO-OP AG/Asko AG	Divestiture of 90% Interest in The Mantequerias Leonesas Group to Management and Investors	Not Disclosed
Hartmarx Corporation	Divestiture of Hartmarx Specialty Stores, Inc. to HSSA Group Ltd.	43,000,000
Hartmarx Corporation	Sale of 22% Equity Interest to Traco International, N.V.	30,000,000
Home Shopping Network, Inc.	Representation in Conjunction with RMS L.P.'s Sale of Control to Liberty Media Corporation (Pending)	160,000,000
The Mounger Corporation	Sale of the Company, including Pacific Trail, Inc. to PTI Holding Corp., a company organized by GKH Partners, L.P. and Management	Not Disclosed
Proffitt's Inc.	Acquisition of seven Hess Stores from Hess Department Stores Inc. and Crown American Corp.	Not Disclosed
Super Club Holding & Finance S.A.	Valuation Advisory in Connection with Acquisition of Remaining Interest by Philips Electronics N.V.	Not Disclosed

Technology

Datamat Ingegnerie dei Sistemi S.p.A.	Sale of 75% Interest to Cassa di Risparmio di Roma	Not Disclosed
Digital Equipment Corporation	Acquisition of 10% Interest in Ing C Olivetti & Co. S.p.A.	340,000,000
First Financial Management Corporation	Acquisition of Alta Health Strategies, Inc.	117,000,000
First Financial Management Corporation	Acquisition of TeleCheck Services, Inc. from McDonnell Douglas Capital Corporation	70,000,000
First Financial Management Corporation	Acquisition of Payment Services Company-U.S.	90,000,000
Itron, Inc.	Acquisition of EnScan, Inc. from Arkla, Inc.	Not Disclosed
N.V. Koninklijke Nederlandse Vliegtuigenfabriek Fokker	Merger with Deutsche Aerospace AG (Pending)	506,300,000
Northrop Corporation	Acquisition of 49% Interest in the Aircraft Division of LTV Aerospace and Defense Company	234,000,000
Penn Central Corporation	Sale of G & H Technology, Inc. to an Investor Group	Not Disclosed
Security Pacific Corporation	Divestiture of SUMMIT Information Systems Corp. and American Data Services Inc. to First Financial Management	Not Disclosed
Wicat Systems, Inc.	Sale of Company to Jostens, Inc.	105,000,000

Transportation

Chrysler Rail Corporation	Sale of 4,400 Rail Cars to U.S. Leasing International Inc.	Not Disclosed
Commonwealth of Australia	Advisor to the Commonwealth of Australia in the Sale of Australian Airlines Limited to Qantas Airways Limited	290,000,000
Commonwealth of Australia	Advisor to the Commonwealth of Australia in the Sale of 25% of Qantas Airways Limited to British Airways PLC	465,000,000
Deutsche Lufthansa AG	Acquisition with Japan Airlines Company, Ltd. and Nissho Iwai Corporation of Additional Interest in DHL Worldwide Express	Not Disclosed
Government of Hungary	Sale of 30% Interest in MALEV Hungarian Airlines to Alitalia S.p.A. and 5% Interest to SIMEST (Pending)	77,000,000
Union Pacific Corporation	Acquisition of 2,000,000 Common Shares of Chicago & North Western Holdings from Blackstone Capital Partners	39,000,000

Utilities

The Kansas Power & Light Company	Merger for Cash and Stock with Kansas Gas & Electric Company	991,900,000
North West Transfield Joint Venture	Acquisition of Private Water Treatment Plant from the Melbourne Water Board (Pending)	18,125,000
Servicios Eléctricos del Gran Buenos Aires (SEGBA)	Sale of 51% Interest in Edesur S.A. to an Investor Group	580,283,000
Servicios Eléctricos del Gran Buenos Aires (SEGBA)	Sale of 51% Interest in Edenor S.A. to an Investor Group	476,423,000
State Electricity Commission of Victoria	Sale of 51% Interest in Loy Yang B Power Station to Mission Energy Company (Pending)	411,800,000

First Ideas, Then Results.

CS FIRST BOSTON GROUP

INTERNATIONAL CAPITAL MARKETS

Spain leads high-yield sectors gaining from ERM relaxation

By Sara Webb in London and Patrick Harverson in New York

THE EASING of tensions within the European exchange rate mechanism helped to lift some of the higher-yielding government bond markets yesterday.

Some investors were encouraged to switch out of the hard-core currencies and into higher-yielding assets as the pressure on the French franc and Irish punt appeared to have lessened, allowing Ireland to lower interest rates yesterday.

Spain was the chief beneficiary of the easing in ERM tensions, dealers said, with the yield on 10-year paper falling from 12.35 per cent to 12.18 per cent yesterday. Although short-term interest rates remain high, making it expensive for investors to fund their positions, dealers noted that there had been some overseas buying of long-dated Spanish bonds.

GOVERNMENT BONDS

Mr Steve Major, bond analyst with Crédit Lyonnais, said that in addition to the easing of ERM tensions, buying interest has been stimulated by hopes that relatively favourable inflation data would emerge today.

Danish government bonds ended lower after a day spent speculating over whether the Danish prime minister, Mr Poul Schlueter, would be forced to resign following criticism of his role in the so-called Tamil case.

Mr Schlueter announced his resignation in the late afternoon, but dealers said the bond market was jittery most of the day before the announcement.

Elsewhere in Europe, German government bonds held steady, ending the day slightly firmer with the Liffe bund future contract rising from 92.84 at the opening to 93.02 by late afternoon.

Dealers said the market was quiet in the absence of important economic news or statements from the Bundesbank.

■ UK government bond prices ended mostly firmer yesterday on market hopes of a base rate cut, possibly in conjunction with the release of favourable retail price index data today.

The Liffe gilt future contract opened at 99.30, touched a low of 99.23, and ended the day at around the high of 100.00 on relatively large volume of 32,000 contracts.

However, some economists dismissed the possibility of an imminent base rate cut as unlikely. Mr John Shepperd, economist at S.G. Warburg Securities, said the gilt-edged market was taking its cue from relatively low overnight rates. "Short-term money has been low, but for mainly technical reasons, not on fundamentals," he said.

■ THE JAPANESE government bond market saw a volatile trading session closing with prices higher on the day due to reports that the ministry of finance planned to buy back government debt.

The market opened on a firm note on hopes of an easing in interest rates and as the stock market remained in a weak state, but then changed direction as investors took profits. However, close to the end of the trading session, news emerged that the finance ministry's trust fund bureau will start buying bonds outright soon, although details of the amount and timing were not released.

The benchmark No 145 issue opened at a yield of 4.435 per cent and moved to 4.39 per cent, corresponding to a new high price for the cash bond. The yield closed at 4.395 per cent in Tokyo but moved to 4.38 per cent in London trading.

■ US TREASURY prices firmed slightly at the long end of the maturity range yesterday morning in the wake of economic data that was mixed but generally in line with market forecasts.

By midday, the benchmark 30-year government bond was up 3/16 at 102 15/32, yielding 7.412 per cent. At the short end of the market, the two-year note was unchanged at 100 13/32, to yield 4.388 per cent.

The main economic news of the day was the Labor department's announcement that state unemployment insurance claims rose by 52,000 in the week that ended January 2. At first glance the big increase in jobless claims was positive for the market, but analysts, dealers and investors were suspicious of the data, which bucked the recently established trend for declining unemployment claims.

Any bullish news on the jobs market was offset by news that retail sales rose 1.2 per cent in December, a sign that consumer spending was picking up. The day's other important figure – a 0.2 per cent increase in producer prices last month – had no impact on sentiment.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.4424	+0.066	8.99	8.97	8.91
BELGIUM		8.750	06/02	107.5900	-0.210	7.59	7.58	8.01
CANADA *		8.500	04/02	102.4000	+0.600	8.12	8.04	8.06
DENMARK		9.000	11/00	100.1500	-0.250	8.96	8.94	8.98
FRANCE	BTAN	8.500	03/97	101.7830	-0.209	7.96	7.97	8.22
	OAT	8.500	11/02	103.7800	+0.420	7.92	8.06	8.23
GERMANY		8.000	07/02	105.7400	-	7.14	7.15	7.40
ITALY		12.000	05/02	93.7200	+0.205	13.62†	13.73	13.82
JAPAN	No 119	4.800	06/99	102.4679	+0.068	4.31	4.37	4.55
	No 145	5.500	03/02	107.2633	+0.279	4.39	4.47	4.63
NETHERLANDS		8.250	09/02	106.8000	-0.010	7.21	7.14	7.45
SPAIN		10.300	06/02	88.6000	+0.600	12.18	12.61	12.45
UK GILTS		10.000	11/96	109-10	+4/32	7.14	7.22	7.38
		8.750	08/02	108-21	+3/32	8.40	8.33	8.42
		9.000	10/08	101-28	-1/32	8.78	8.69	8.66
US TREASURY *		6.375	08/02	97-30/32	-4/32	6.67	6.70	6.78
		7.625	11/22	102-12	-20/32	7.43	7.39	7.45
ECU (French Govt)		8.500	03/02	100.8000	-0.125	8.40	8.49	8.80

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT FIXED INTEREST INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 8	Year ago	High *	Low *
Govt Secs (UK)	93.49	93.43	93.31	93.36	93.83	87.60	95.54	85.11
Fixed Interest	108.80	108.91	108.84	108.98	109.36	98.77	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Jan 13	Jan 12	Jan 11	Jan 8	Jan 7
Gilt Edged Bargains	98.2	90.8	103.1	95.2	100.0
5-Day average	97.1	98.3	102.2	99.2	99.4

* SE activity indices rebased 1974

Chile to ease curbs on pension funds

By Stephen Fidler, Latin America Editor

CHILE plans to relax restrictions on the stock market investments of its fast-growing local pension funds.

The proposals are aimed at providing new investment opportunities for the pension funds as well as opening new sources of finance for smaller companies.

They would allow the funds to invest in most of the 246 stocks now listed on the Santiago stock exchange – instead of the 40 most tradeable stocks as at present – as well as in start-up projects and to provide venture capital.

The pension funds, which together with insurance companies are responsible for about $17bn of assets, have been growing at about $300m a month: so rapidly that, under current rules, they have been running out of investment opportunities.

The proposals, announced in Santiago by Mr Alejandro Foxley, finance minister, were received positively by the Chilean stock market, which rallied 0.64 per cent on Wednesday and was 1.7 per cent higher during trading yesterday.

This was despite uncertainty surrounding plans to reduce the maximum a pension fund can hold in most companies to 5 per cent of total capitalisation from 7 per cent.

This would require many pension funds to sell substantial holdings in many of the larger companies. However, according to James Capel's emerging market researchers in New York: "Most observers feel that, in the event that such a measure were introduced, the time period in which the disposals would have to take place would be sufficiently long to ensure minimal market disruption."

A new draft law, part of a general reform of Chile's financial markets, will be sent for consideration by Congress in Valparaiso in the next few days, the government said.

US regulator exempts swaps from key rules

By Laurie Morse in Chicago

A US Federal regulator yesterday ruled that swaps trading – a large and growing global over-the-counter derivative market – will for the most part be exempt from rules that govern US futures markets.

The Commodity Futures Trading Commission, the US watchdog for futures and other derivatives trading, received power to exempt swaps from its oversight when it was reauthorised late last year.

Up to now, swaps trading, had faced the danger of being declared invalid if it were successfully proven that they were futures, and thus had to be traded on an established futures exchange. US commodities exchanges had hoped that the CFTC's regulatory exemption for dealer-traded swaps would be extended to their own proposed exchange-traded swaps products. However, the CFTC indicated the exchanges would have to apply for exemptions on a case-by-case basis.

Sweden turns to Euroyen market to raise Ecu6.6bn

By Brian Bollen

The Kingdom of Sweden restarted the Ecu31bn borrowing programme it launched last year to rebuild its foreign currency reserves by tapping the Euroyen market yesterday for the first time in nearly five years.

In its latest round of borrowings, Sweden has already tapped the Euromarkets for D-Marks, French francs, sterling and US dollars. It now needs to borrow a further Ecu6.6bn or so to complete the programme, and will not restrict itself to the capital markets for the balance. Mr Staffan Crona, director-general of the National Debt Office, said commercial paper and private placements were other possibilities.

Although Sweden has now rebuilt its published reserves from last September's low point to pre-crisis levels, the figure being quoted yesterday of around SKr160bn shows slippage from the SKr176.1bn quoted in November. The government's foreign debt currently stands at around SKr250bn.

Nomura International, leading the first Euroyen issue of the year, said the bonds were bid at around the issue price after being freed to trade.

The volume of business done in sterling provided the surprise of the day. Eurofima, the Basle-based rolling stock company which is an infrequent borrower in sterling, reopened the sector with a £100m five-year issue offering a spread of 27 basis points over comparable gilts. The bonds were targeted to continental European investors, said lead-manager Daiwa.

INTERNATIONAL BONDS

Eurofima, which says it plans to borrow SFr4bn to SFr5bn in 1993, agreed that the spread on its first international bond launched this year was tight, but said it was confident it would tighten further. This is the first Eurosterling deal solely led by a Japanese house for a non-Japanese borrower, said Daiwa.

The three other sterling deals, for £100m each from Crédit Foncier de France, National & Provincial Building Society and Nordic Investment Bank, all mature in the second half of 1998, in order to take advantage of the steepness of the yield curve. This allows the borrowers to benefit from better swap rates, while still paying investors the sort of yield they would expect on a straight five-year maturity.

Bankers attributed the flurry of activity in sterling to a combination of swap opportunities and European demand for sterling bonds. The rush of new bonds quickly outstripped demand, bankers said.

International Finance Corp's $300m three-year issue was described by some bankers as aggressively priced at a spread of 18 basis points over US Treasuries. IFC suffers from a relative lack of name recognition, despite its triple A status as a World Bank affiliate. Lead-manager Morgan Stanley International said the notes traded at the issue price after breaking syndicate.

The issue comes on the heels of the European Investment Bank's $400m deal earlier this week and could go a long way towards satisfying current demand for shorter dated dollar paper, said bankers.

Set for pricing this morning is LKB's DM1bn five-year Eurobond, led by Dresdner Bank, Morgan Stanley International and Trinkaus und Burkhardt. Bankers said the indicated spread looked tight at 17 to 19 basis points over German governments, particularly when compared with the large five-year issues from the UK and KfW late last year. Both were yesterday trading at spreads of around 17 basis points.

Morgan Stanley led another small reverse floating rate note, for the European Bank for Reconstruction & Development. The DM100m seven-year issue pays a coupon of 8¼ per cent in the first year, and 19 per cent minus twice six-month Libor thereafter.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
International Finance Corp.	300	5.125	101.0875	Feb.1996	1⅜/1⅛%	Morgan Stanley Int.
Shibusawa Warehouse Co.(a)♦	80	2.5	100	Jan.1997	2¼/1½%	Yamaichi Int.(Europe)
YEN						
Kingdom of Sweden	100bn	4.625	99.53	Feb.1998	25/15bp	Nomura International
D-MARKS						
EBRD(b)‡	100	(b)	101.46	Jan.2000	1⅝/1.45%	Morgan Stanley
Kimura Unity Co.(c)‡★	25	(c)	100	Jan.1997	-	Tokai Bank(Deutschland)
FRENCH FRANCS						
Crédit National	500	8.6	99.67	Feb.2005	-	Banque Indosuez
Automobiles Peugeot	2bn	8.5	99.65	Feb.2000	35bp	Paribas Cap.Mkts.
STERLING						
Crédit Foncier de France	100	7.75	99.75	Aug.1998	25/12½bp	SG Warburg Securities
Eurofima	100	7.5	101	Feb.1998	1½/1.35%	Daiwa Europe
National & Provincial BS	100	8.25	99.35	Nov.1998	35/15bp	UBS P&D Securities
Nordic Investment Bank	100	7.75	99.55	Aug.1998	25/12½bp	SG Warburg Securities
CANADIAN DOLLARS						
Exportfinans(d)	100	7.75	100.068	Nov.1997	1⅞/1⅝%	Salomon Brothers Int.
GECC(e)	50	8	101.125	Jan.1998	1⅞/1⅝%	UBS P&D Securities

Final terms and non-callable unless stated. ★Private placement. ♦With equity warrants. ‡Floating rate note. a) Final terms fixed on 20/1/93. b) Coupon pays 8¼% fixed annual in first year and 19% - 2 × 6-month Libor thereafter. c) Coupon pays 45bp above 6-month Libor. d) Fungible with outstanding C$150m 41 days after payment date. Plus 95 days accrued interest. e) Issue launched on 6/1/93 was increased to C$130m.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

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STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	45	18	17
Other Fixed Interest	1	2	12
Commercial, Industrial	392	196	836
Financial & Property	150	73	573
Oil & Gas	16	14	55
Plantations	1	0	8
Mines	41	9	91
Others	28	21	70
Totals	674	333	1,662

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	–	277	243	Critchley Group	277		L6.1	2.2	2.9	19.6
–	F.P.	–	105	103	For. & Col. PEP Inv Tst	105		F3.38	–	4.3	–
100	F.P.	–	107	101	Hoare Govett Smlr Co's	106		–	–	–	–
90	F.P.	–	111	101	Hunters Armley	111		W3.38	2.2	4.1	14.8
51	F.P.	–	60	52	Intl. Food Machinery	60	-1	–	–	–	–
–	F.P.	–	40	38	[illegible]	38		–	–	–	–
–	F.P.	–	94	92	Do. Inc.	94		F11.5	–	16.3	–
–	F.P.	–	111½	108	Do. Zero Div. Pf.	111½		–	–	–	–
165	F.P.	–	195	181	National Express	190	-1	W7.12	1.5	5.0	12.5
50	F.P.	–	57	52	OIS Intl.	55		N1.9	2.8	4.6	10.2
–	F.P.	–	1½	1½	Private People Warrants	1½		–	–	–	–
–	F.P.	–	97	88	Second Consolidated	88		–	–	–	–
65	F.P.	–	194	166	Tadpole Technology	181	+5	–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	116¼p	115¼p	Bristol Water 8¼pc Pf.	115½p	
100p	F.P.	-	108¼p	105¼p	Commercial Union 8¾pc Cm. Pf.	105¼p	
100	F.P.	-	114¼	112¼	NFC 7¾pc Cv. Bd. 2007	114	+¼
150p	P.P.	-	113p	100p	[illegible]	100p	-5
-	F.P.	-	180½p	178p	[illegible] Zero Pf.	180½p	

RIGHTS OFFERS

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TRADITIONAL OPTIONS

- First Dealings Jan. 11
- Last Dealings Jan. 29
- Last Declarations April 15
- For settlement April 26

3-month call rate indications are shown in Saturday editions.

Calls in Avesco, British Airways, British Data Management, BP, Heritage, A. Proudfoot and Ratners. Puts in Shandwick and Ratners. Doubles in ASDA and Sanderson Electronics.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*606)	600	18	38	50	10	20	38
	650	2½	18	27	45	55	66
ASDA (*65)	60	6½	10	14	2	5	8
	70	2	6	10	7	10	13
Brit. Airways (*274)	260	18	29	35	4	10	19
	280	5½	18½	25	11	20	30
SmKl Bchm A (*477)	475	15	–	–	9	–	–
	500	4½	20	35	26	37	44
Boots (*501)	500	12	30	38	10	19	32
	550	2	10	18	47	52	62
B.P. (*232)	220	14	21	26	2	8	12
	240	3	9½	16	11	17	22
British Steel (*62)	60	4½	8½	11½	2½	6	9
	70	1½	4½	7	9½	12	14½
Bass (*597)	550	52	64	76	2	10	20
	600	10	35	46	16	28	40
C & Wire (*696)	650	52	69	85	2	13	25
	700	14	37	55	15	32	47
Courtaulds (*574)	550	31	47	63	6	15	26
	600	22	35	47	6½	25	36
Com. Union (*612)	600	22	36	47	6½	25	36
	650	3	13	26	40	59	66
Fisons (*236)	220	21	35	44	3	15	25
	240	10	25	36	12	24	35
GKN (*458)	420	43	50	57	2	12	20
	460	11	24	34	11	32	39
Grand Met. (*424)	420	14	31	47	7	18	23
	460	2½	16	27	38	45	52
I.C.I. (*1090)	1050	51	74	98	5½	46	61
	1100	17	44	70	25	73	88
Kingfisher (*557)	550	16	38	49	7	22	36
	600	2	16	28	45	53	66

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAA (*756)	750	30	53	63	17	29	40
	800	11	27	39	49	57	67
BAT Inds (*977)	950	54	68	84	15	41	50
	1000	26	43	60	39	69	78
BTR (*546)	500	55	59	65	3	9	15
	550	16	26	34	15	32	35
Brit. Telecom (*385)	360	31	40	45	4	8	13
	390	11	22	26	14	20	28
Cadbury Sch (*451)	420	37	42	51	4	13	18
	460	15	20	30	20	34	38
Eastern Elec (*433)	430	15	–	–	16	–	–
	460	5½	17	23	36	42	52
Guinness (*470)	460	26	38	48	11	24	32
	500	10	20	29	38	46	55
GEC (*271)	260	18	25	29	4	8	14
	280	6½	14	18	14	18	24
Hanson (*240)	240	8	13½	18½	7½	13	16½
	260	2½	6	10	22	26	29
LASMO (*146)	140	13	20	23	8	15	18
	160	6	11	16	21	27	31
Lucas Inds (*149)	140	17	23	29	8	15	18
	160	6½	14	20	18	27	30
P. & O. (*518)	500	33	47	58	17	37	45
	550	11	26	35	47	69	77
Pilkington (*109)	100	14	19	23	5	8	14
	110	8	15	18	9½	14	19
Prudential (*287)	280	15	21	26	6½	15	20
	300	5½	11	17	18	29	32
R.T.Z. (*650)	650	27	40	52	22	43	52
	700	10	19	[illegible]	57	77	84

[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

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COMPANY NEWS: UK

Strong growth from Cellnet gives a fillip to outcome

Securicor sharply up at £54.5m

By Angus Foster

SECURICOR, the security and communications group, yesterday announced a sharp recovery in profits thanks to improved margins and strong growth from Cellnet, its 40 per cent-owned *mobile telephone* network.

Pre-tax profits for Securicor increased by 65 per cent, from £33m to £54.5m, in the year to September 30. Profits at Security Services, its 50.75 per cent-owned subsidiary where most of the group's operating companies are held, showed an 81 per cent improvement, from £20.4m to £37m.

Mr Roger Wiggs, chief executive, said the improved results partly reflected cost cutting since 1991. But he said "*there* is no room for complacency" in returning businesses like security and parcels to previous levels of profitability.

Cellnet, the smaller of the UK's two mobile networks, increased operating profits by 32 per cent to £151m in the six months to end-September, of which Securicor's share is some £60m. Cellnet is 60 per cent-owned by BT and its *financial* year runs to the end of March.

Mr Wiggs repeated previous statements that any "sufficiently attractive" offer for the Cellnet stake would be put to shareholders. Cellnet's dividend to Securicor increased 30 per cent to £13m, he said.

Securicor's turnover increased 3.3 per cent to £584m. The security division had a strong second half and the parcel division's sales were lifted by the acquisition in March of Federal Express's UK business.

The communications division, which excludes Cellnet but includes cellular retailing, continued to lose money because its subscriber base remains too small.

Earnings increased 46 per cent to 24.3p per share.

A final dividend of 1.955p is proposed to make a total of 2.62p, an increase of 12 per cent.

The same increase is proposed at Security Services to make a total of 5.03p.

● COMMENT

Securicor's public position on *selling its Cellnet stake* has not changed, but analysts detected the company has at least been mulling over what to do with any proceeds. No sale is expected immediately, and it may be a couple of years before BT makes the right offer. In the meantime, Securicor's rapid growth from the depressed levels of 1991 is set to continue. Forecast profits for this year of £67m, rising perhaps to £90m in 1994, partly explain yesterday's 8p rise in the A shares to 643p, where they are on a multiple of nearly 20. The company's strange structure, and the difficulty outsiders face in valuing Cellnet, may hold the shares back, but they look a reliable longer-term performer.

Promising start for Lifetime package

Cellnet's *Lifetime package, designed to attract consumer* rather than business users to cellular phones, made a promising start after its November launch, according to Mr Stafford Taylor, managing director.

By the end of last year, 44,000 new subscribers had signed up for the service, although 17,000 of these were business subscribers switching to the new package. This compared to 45,000 new subscribers for Vodafone, the larger network which started its LowCall service slightly earlier. In December, when sales were boosted by Christmas, Cellnet's market share exceeded Vodafone's for the first time in several years.

Cellnet's turnover increased 12 *per cent to £360m in the* year to September 30 while operating profits grew 32 per cent to £151m, Mr Taylor said.

Acquisitions boost Intercare to £3.6m

By Andrew Bolger

INTERCARE GROUP, the rapidly-expanding healthcare products supplier, more than doubled its pre-tax profits from £1.5m to £3.6m in the year *to October 31.*

Sales rose from £14.9m to £29.1m, boosted by contributions from the group's two most significant recent acquisitions.

SAFA, which distributes occupational health products to corporate customers, was in for seven months, and Birmingham Optical, which supplies equipment to opticians, made a six-month contribution. The acquisitions were funded by a £5.5m placing and offer last March.

Mr Peter Cowan, chairman, said a pleasing aspect of the results was that profitability of businesses owned for a full year had grown organically by about 25 per cent.

The group has created a new division which comprises Booster, which makes electric vehicles for the elderly and disabled, and Montis, its distributor in the Netherlands. This mobility division saw trading profits grow from £591,000 to £1.9m on sales up from £2.86m to £8.69m.

The optical division increased trading profits from £240,000 to £891,000 on sales up from £2.4m to £6.9m. Mr Cowan said the purchase of Birmingham, a distributor of clinical instrumentation and lenses to retail opticians, had complemented the original optical business.

The medical products distribution division, which includes A-Z Dental Holdings, increased trading profits to £825,000 (£690,000) on sales of £13.5m (£9.6m). Dental's pre-tax profit was £252,000 (£372,000) on sales of £3.7m (£4m).

Gearing is under 6 per cent. Mr Cowan said he expected to be able to maintain organic growth in excess of 20 per cent.

Earnings per share rose to 9.5p (7.5p). A final dividend of 2p gives a total 2.8p (2p), an increase of 30 per cent.

City gives a favourable response to TSB results

By John Gapper, Banking Correspondent

FULL YEAR results of TSB may have been unsatisfactory as far as the bank was concerned, but they received a gratifying response. The news that it had made a lower than expected pre-tax profit of only £43m – *after a bad debt charge* of £597m – was followed by an jump in the share price.

Investors discerned some underlying encouraging news in TSB's record operating profit, which rose to £648m before exceptional items in the year to October 31. The good cheer also spread to other bank stocks as the market revised its expectations of the full-year results to come.

The news was nonetheless well-hidden among other tales of woe in TSB's figures. It is still suffering a hangover from lending in the late 1980s. It even split out the figures for its Mortgage Express subsidiary, and bad loans from its Hill Samuel merchant bank, to make the problems starkly clear.

The decision to bite the bad lending bullet even harder than last year – when it became the first bank to make a significant full-year loss because of domestic lending – came in October.

That was TSB's hope of a quick revival in commercial property prices finally evaporated.

The result was the setting-up of its Loan Administration Unit to take on the poor lending of Hill Samuel – much of made in a two-year burst in the late 1980s. The unit took on a net £1.8bn of Hill Samuel lending, which has been written down to £917m after making a provision *of £883m – or* 49 per cent.

Although property lending makes up £434m of the total – and is provisioned at 51 per cent – the unit handles a huge array of bad loans spread across industrial sectors. Mr Mike Fairey, the bank's credit director in charge of the unit, describes the property as "not dreadful, but a mixed bag".

The other big headache is Mortgage Express, the centralised mortgage lender which is being run down and made a loss of £67m.

Six thousand visits were made to borrowers in arrears last year after the alternative – an average loss of £35,000 on selling repossessed homes – proved too costly.

The separation of these two businesses leaves Hill Samuel and the newly-merged retail banking and insurance business to trade with a lighter load. TSB's long-term profitability – and even whether it survives as an independent bank – depends on the two divisions producing better returns.

Hill Samuel is starting with a clean sheet. Its £2.4bn loan portfolio carries no net bad debt charge because all charges were transferred to the loan administration unit. Mr Peter Ellwood, chief executive, said Hill Samuel might even be kept clean by the transfer of future bad loans to *the unit*.

However, Hill Samuel faces a stiff task in building new and profitable business. TSB wants it to concentrate on the mid-corporate market – companies with a net worth of between £50m and £500m – and only lend where cross-selling of other products will boost the return on capital.

The group's future profitability therefore depends above all on retail banking and insurance.

A firm cost drive this year – which has provoked industrial action – is the main reason for the improvement in operating profits. But it will also need to raise revenue markedly in the long term.

Mr Ellwood wants to increase volume by drawing customers to high interest-bearing accounts. He hopes it can compensate for narrowed margins in this way. But he acknowledges the size of the challenge.

"The fact is that too many banks are chasing market share, with massive overlap," he says.

See Lex

Hoare Govett named as Dairy Crest broker

By Maggie Urry

Dairy Crest, the milk processing and dairy products subsidiary of the Milk Marketing Board, has appointed Hoare Govett as the stockbroker to handle its flotation next year.

The float is expected to give Dairy Crest a market value of about £500m and raise £150m of new money.

Schroders has already been appointed as the merchant bank for the issue. Dairy farmers will have shares in Dairy Crest, a factor which will complicate the flotation.

The appointment of Hoare Govett, chosen from a number of contenders, gives a boost to the broker which had suffered from uncertainty of ownership until it was bought by ABN Amro, the Netherlands bank, last June.

Hoare Govett has recently been appointed broker to Irish Permanent Building Society.

Wyko declines to £121,000

By Paul Cheeseright, Midlands Correspondent

WYKO, the power transmission components distribution and manufacturing group, reported a sharp reduction in first half profits and cut its interim dividend.

The pre-tax line for the six months to October 31 fell to £121,000, after an exceptional £94,000 related to the sale of Wyko Power Plant Gears, compared with £379,000 last time.

Turnover increased from £25.4m to £29m. Sales on the distribution side increased, albeit at the cost of slimmer margins, but fell on the manufacturing side as orders from the process plant industry declined.

Another problem is the the German market, where group subsidiaries fell into losses. This deficit, against which the group has no offsetting tax relief, led to a first half tax charge which exceeded pre-tax profits. This resulted in an attributable loss of £34,000 and was the main reason for the paring of the interim dividend to 0.5p (1.4p). Losses per share were 0.07p (earnings of 0.66p).

Since last October demand has improved and although Mr Philip White, chairman, is uncertain whether this is "a false dawn or whether we shall see some sustained demand" he believes that the second half "should produce a more encouraging result."

Jones Stroud advances 32% to £3.29m

JONES STROUD (Holdings), the manufacturer of accessories and materials for the textiles and electrical industries, lifted pre-tax profits by 32 per cent from £2.49m to £3.29m in the six months to September 30.

Mr Philip Jones, chairman, said it was pleasing to report a recovery despite the difficult trading conditions.

Turnover grew to £34.2m (£31.9m) and trading profits were up at £3.31m (£2.72m). This time there were no exceptional charges (£123,000 for factory closures). Net interest payable was reduced to £19,000 (£104,000).

Mr Jones said that the recent devaluation of sterling had affected raw material costs "at a time when increases are difficult to recover". He added, though, that Jones Stroud should also benefit from the concomitant improved competitiveness in overseas markets.

The interim dividend is lifted by 10 per cent to 3.3p, payable from earnings up 34 per cent at 12.32p. Mr Philip and Mr David Jones, managing director, together own 70.05 per cent of the company's equity.

Chief again seeks to counter rumours over sale of film and television interests

Rank disappoints with fall to £230m

By Peggy Hollinger

RANK Organisation, the leisure and entertainments group, yesterday disappointed the City with slightly lower than expected profits of £230.1m, against £250.5m last time.

The group also warned that, so far, there had been no sign of an upturn in UK trading, although there were encouraging signs in the US. Turnover for the 12 months to October 31 slipped from £2.11bn to £2.1bn.

Marketmakers, who had been expecting profits of between £233m and £245m, marked the shares down 17p to 687p following the announcement. They recovered, however, to close just 9p down at 695p.

Mr Michael Gifford, chief executive, for the second time this week sought to counter rumours over the sale of the group's film and television interests. Responding to persistent questions over a possible sale, he replied: "We are not in the business of selling our film and television interests and there the matter rests."

Analysts continued to speculate, however, that if an offer in excess of £400m was made by a reliable bidder from within the industry, Rank would have to consider it.

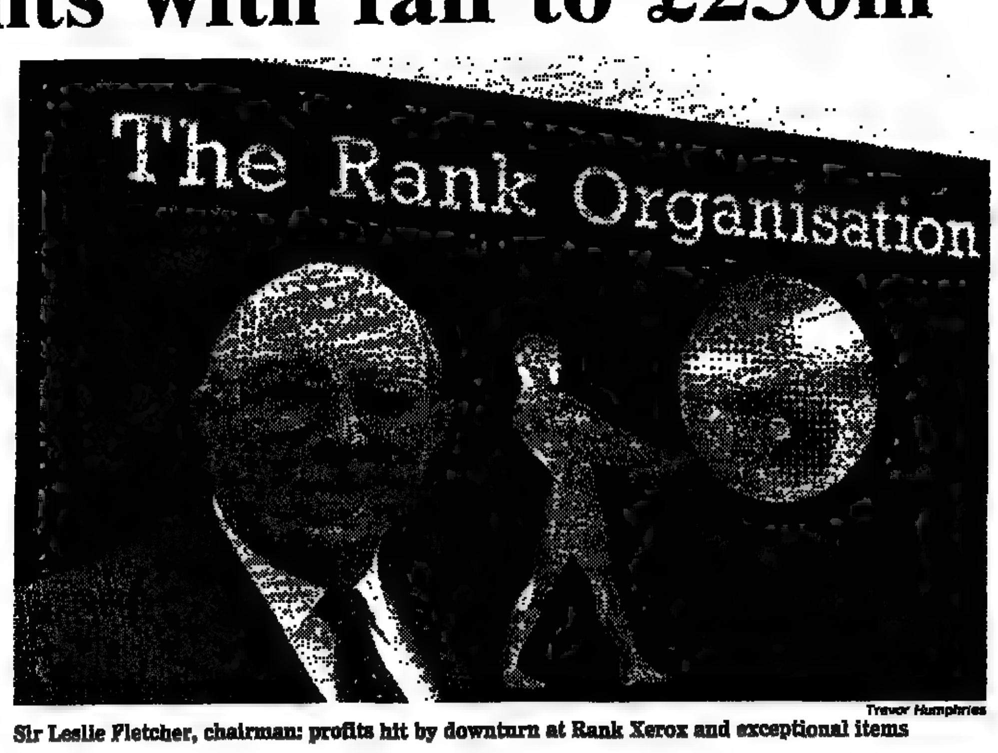
Debt was reported higher at £999.3m (£960.8m) although, excluding currency fluctuations, Rank said it had generated a positive cash flow of £59m. This was partly due to a series of disposals, such as motorway services, Rank Screen Advertising and three hotels, which raised £150.9m.

Pre-tax profits were hit by a downturn in Rank Xerox and an £8.1m (£1.3m) exceptional debit due to provisions against property values and redundancy and reorganisation costs.

The return was also depressed by the effects on Rank's holidays and hotels division of a price war in the travel industry.

Price competition depressed the contribution from Rank Xerox, which fell by £21.4m to £137.3m. Trading had been particularly difficult in Europe and the Far East. Overall revenue for Rank Xerox, 49 per cent held by the Rank Organisation, rose by 4 per cent on an underlying basis.

In the holidays and hotels division, trading profits were down 22 per cent to £59.6m. This was largely the result of overcapacity in the overseas holidays market, which led to people taking "fewer UK holidays or none", said Mr Gifford. The hotels division, a large part of which is up for sale, reported record profits out of London.



Trevor Humphries

Sir Leslie Fletcher, chairman: profits hit by downturn at Rank Xerox and exceptional items

A £5m reduction in losses at Rank's video distribution operation in the US helped the film division report profits some £8m higher at £27.4m. Leisure was 74 per cent higher at £41.1m, while the recreation division suffered a 2.6 per cent fall to £57.8m.

The final dividend is maintained at 20.75p for an unchanged total of 31p while earnings fell slightly to 37.8p (38.4p).

● A Kershaw and Sons, Rank's separately-quoted subsidiary which owns about 10 per cent of the group's share of Rank Xerox, reported pre-tax profits of £9.9m, against £9.93m last time. The dividend is maintained at 18p for a 27p (same) total.

See Lex

Acquisition helps Cray Electronics leap to £18m

By Paul Taylor

CRAY Electronics Holdings, the Berkshire-based high technology group which acquired the Dowty information technology division from TI for £50m in July, yesterday reported sharply higher turnover and profits for the first-half and resumed payment of an interim dividend.

Operating profits in the six months to October 31 more than doubled to £5.71m, against £2.77m last time. The latest figure included £1.12m attributed to acquisitions and £787,000 (£982,000) from discontinued operations. Turnover increased to £81.9m (£40m), including £8.91m (£6.93m) from discontinued operations.

Pre-tax profits, including a £13m profit on disposals and after £899,000 in net interest payments, jumped to £17.8m from £536,000 last time when profits were reduced by £1.14m in abortive bid costs and £1.51m of net interest payments partly offset by a £410,000 profit on disposals.

Earnings per share came out at 10.33p (0.47p) and an interim dividend of 0.5p is declared.

Sir Peter Michael, chairman, said Cray's outlook had been "transformed" by the acquisition of Dowty IT and its subsequent merger with the original Craycom business to form the new core Cray communications division comprising four companies based in the UK, US, Denmark and Australia.

He said the results confirmed both the growth achieved by the original Cray companies and the non-dilutive effect of the Dowty IT acquisition.

At the end of October, having paid for the Dowty IT acquisition mainly through a £41.1m rights issue, the group's total debt was about £7.4m.

Since then the group has sold two non-core businesses and has eliminated all debt.

● COMMENT

The Dowty IT acquisition was a big lump to swallow, but appears to have been well digested and integrated into the new communications division. The Dowty businesses generated about £30m of the first-half revenues and about £1.1m of profits. Although margins in the new businesses were slim at 3.7 per cent, the full effect of cost cutting has yet to come through. With pre-tax profits projected at between £15m and £17m this year, producing earnings of 6.4p a share, the stock is currently trading on a lofty prospective p/e of 20.9, although this drops to about 16 based on next years' prospective earnings. Against this Cray is operating in an increasingly competitive international market, its share price has risen sharply recently and already commands a premium. Hold.

Owners Abroad accused of poor pricing and confused marketing

By Richard Gourley

AIRTOURS ACCUSED rival holiday group, Owners Abroad, of having a confused marketing strategy and poor pricing judgment which had led to a disappointing financial performance.

Mr David Crossland, Airtours chairman, called Owners Abroad's proposed link with Thomas Cook, the travel agency and financial services group, "a poison pill" which was ill-conceived. It was liable to lead to an erosion of value for Owners Abroad's holders.

In the offer document, posted to shareholders yesterday, Mr Crossland said an investor who bought £1,000 of Airtours shares five years ago would have had an investment worth £16,500 just before the £215.4m bid was launched on January 5. A similar investment in Owners Abroad would have been worth only £2,035.

Owners Abroad said it saw little in the Airtours document that it had not already addressed but it would make a detailed rebuttal today. The company added that a £1,000 investment in Airtours on January 5 would now be worth £903.

Airtours said that in the 1980s Owners Abroad had embarked upon a "misguided policy of brand proliferation" which was now being reversed. Owners Abroad had 34 brands against Airtours' 16 and the three "serious" brands sold by Thomson, the market leader.

Mr Harry Coe, Airtours finance director, said the lack of focus was exemplified on the Greek Island of Kos where Owners Abroad was selling eight different holiday brands. An Owners Abroad adviser said that the company was not over-represented, rather Airtours was under-represented.

Airtours said that Owners Abroad's recent increase in the capacity of its Air 2000 charter airline left it financially vulnerable to swings in market demand. A combined group would be able to absorb a significant amount of the surplus.

Windsor shows strong growth

By Richard Lapper

Despite tough trading conditions, Windsor, the specialist sports insurance broker, made a pre-tax profit of £616,000 for the year to September 30, a sharp recovery from the comparable deficit of £1.2m, struck after a £1m property write-down.

Earnings per share were 1.69p (losses 3.2p).

The group reported strong growth in its core sports business.

Commissions on sport insurance policies account for about 25 per cent of its operating income which grew on an underlying basis by 10 per cent to £7m (£6m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aberforth Small ......fin	2.5†	Mar 5	2.5	4.6	4.5
Cray Electronics......int	0.5	May 1	-	-	0.5
Denmans Elect § ....fin	4.3	Feb 24	4.2	6.1	5.85
Goode Durrant ....int	2.15	Feb 19	2.15	-	5.4
Hampson Inds ....int	0.4	Mar 9	0.6	-	2.373
Intercare § ....fin	2	Apr 28	1.5	2.6	2
Jones Stroud ....int	3.3	Apr 6	3	-	8
Kershaw (A) ....fin	18	Apr 7	18	27	27
Microgen ....fin	5.05	Apr 6	4.8	7.25	7
Neotronics ....fin	1.75†	Mar 5	1.72	2.6†	2.52
Rank Org ....fin	20.75	Apr 7	20.75	31	31
Riv & Merc Extra......int	1.968	Mar 5	1.968	-	7.872
Securicor ....fin	1.955	Apr 5	1.72	2.62	2.336
Security Servs ....fin	3.636	Apr 5	3.197	5.03	4.488
Stanley Leisure ....int	1.52	Feb 19	1.52*	-	4.16*
TSB ....fin	3.25	Apr 5	3.25	6.4	6.4
Wyko ....int	0.5	Apr 8	1.4	-	2.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Adjusted for scrip issue.

Recovery year for NatWest Bancorp

By John Gapper, Banking Correspondent

NatWest Bancorp, the US subsidiary of National Westminster Bank, yesterday completed a year of recovery from losses by reporting a record fourth quarter profit after tax of $50.1m (£32.9m) compared to a deficit of $29.8m the previous year.

The final quarter profit took net income for the year to $155.7m, compared to a 1991 loss of $371.5m.

The loan loss provision for 12 months fell to $122m ($567.7m) after efforts to improve asset quality.

Mr John Tugwell, chairman and chief executive, said he was "delighted" with what had been accomplished.

He said the bank had managed to diversify revenue by introducing new products such as annuities, mutual funds and private banking.

Operating expenses for the year fell to $782.5m ($790.8m).

Recession blamed for decline at Goode Durrant

By Matthew Curtin

GOODE DURRANT, the mini-conglomerate with interests in van hire, property and motor dealerships, reported a 32 per cent decline in pre-tax profits to £1.8m in the half year to October 31.

Turnover fell from £97.8m to £90.6m. Northgate, the group's commercial vehicle hire business, was the only UK operation to improve its performance, contributing a fifth of sales, but 79 per cent of operating profits.

Earnings per share were 2.3p (3.5p). The interim dividend is maintained at 2.15p.

Mr Michael Waring, chief executive, said the depth of the recession took its toll on the equipment hire, property, and motor distribution divisions. GDM Finance, the South African trading finance subsidiary, improved profits despite difficult local conditions.

There were signs of improving economic activity in the UK – from larger numbers of customers in car showrooms to now-steady levels of van and equipment hire, and the group's successful sale of a small office block in Blackburn in December – but they were "too tentative" to have much effect on the results.

The group continued to focus on "liquid asset management" and was addressing ways of moving out of the property business.

Last year saw a £6.27m exceptional provision for property and land-bank write-downs, which tipped the group into the red.

Mr Graham Perrins, a director of Winnedeal, the South African company owned by the Nash family which has a 25 per cent hostile stake in the group, said the results were disappointing. The group was paying the price for expensive acquisitions in the past, which had led to large goodwill write-offs. Winnedeal would like to see management take a "more pro-active" approach to restructuring the business.

Denmans Electrical advances 21%

By Graham Deller

SHARES OF Denmans Electrical, the USM-quoted electrical goods group, were yesterday marked 50p higher in a thin market to 275p after a 21 per cent profits advance.

On turnover of £35.8m (£34.5m), pre-tax profits for the 12 months to September 30 rose from £1.26m to £1.52m. Mr Arnold Denman, chairman, said that stringent cost controls had again contributed to the improvement in margins.

Recession in the building industry continued to affect the wholesale business. Profits were again depressed by an exceptionally high level of bad debts, Mr Denman said.

The Euroelectric importing and distribution side achieved "significant growth" in sales and improved profits, while the Eterna Lighting manufacturing operation reported increased profits despite higher costs from assimilating new products. These products helped Eterna maintain volumes in spite of "severly depressed" traditional markets, he added.

The final dividend is raised to 4.3p making a total of 6.1p (5.85p), covered just under 4 times by earnings of 23.73p (18.75p) per share.

Cost controls and lower interest charges behind improvement

Microgen rises 13% to £8.24m

By Paul Taylor

MICROGEN Holdings, the Windsor-based specialist computer services group, yesterday reported a 13 per cent increase in full year pre-tax profits to £8.24m.

The improvement, up from last time's £7.28m, was helped by cost cutting, price increases and substantially lower interest charges.

Turnover for the year to October 31 rose 3 per cent to £49.3m (£47.7m).

At the previous year-end the group acknowledged that costs and capital expenditure had been allowed to run ahead of income during the recession.

Earnings per share increased by 13 per cent to 13.8p (12.2p). A final dividend of 5.05p (4.8p) makes a 7.25p (7p) total.

Mr Douglas Lee, chairman, said he was "quite pleased" with the overall advance, achieved against a background of "relatively stable conditions in Germany, but continuing severe recession in the UK, Ireland and Scandinavia."

In particular he cited the "outstanding achievement" of the group's Scandinavian operations.

These now accounted for a third of turnover and 29 per cent of pre-tax profits and managed to boost sales despite the recession, although margins on new business were somewhat lower.

Mr Lee said three main factors explained the profit gain.

Costs in the UK, including personnel, had been reduced to produce £1m of savings in a full year, a price review of smaller accounts led to prices being raised, producing an additional £400,000, and the cash position has improved significantly.

At the end of October the balance sheet held net cash of £3m, compared to net borrowings of £1m a year earlier, after paying £1.1m in October to acquire a computer output microfilm (Com) and electronic printing business in Denmark.

Microgen's core Com business currently accounts for about 70 per cent of turnover, down from 78 per cent a year ago.

It is a mature market which is being slowly eroded by new technologies like optical storage.

However, Mr Lee said the group was confident that Com "has a long and secure future." Specialist services based around electronic printing, like "demand publishing", are expected to provide most of the growth in the future.

Hampson edges ahead to £1.69m

By Paul Cheeseright, Midlands Correspondent

PROFITS before tax at Hampson Industries, the precision engineering, aluminium and home products group, edged up in the first half, but Mr John Wardle, the chairman, yesterday warned shareholders to expect low dividend payments.

In the six months to end-September, pre-tax profits were £1.69m, compared with £1.62m, on turnover down from £37.1m to £35.4m. Fully diluted earnings per share came out at 1.5p (1.45p).

However, apart from the 4 per cent profit increase, there is, Mr Wardle said, "very little other good news to communicate."

As "a precautionary measure", Hampson is cutting back its interim dividend from 0.6p to 0.4p. "As the interim dividend is only slightly over a quarter of the total dividends paid for the last two years, this should be taken as an indication that a maintained final dividend can by no means be taken for granted," Mr Wardle said.

Last September, announcing a final 1991-92 dividend of 1.773p, Mr Wardle said that this year the dividend would not be cut.

The change in policy stems from determination to build up retained profits. This is related to the need for more investment, especially in Hampson's precision engineering business.

Precision engineering's contribution to group operating profits has climbed to 60 per cent from 46 per cent at the end of the 1990-91 financial year. The strength of the business, where there is a record order book for aircraft maintenance, has led to the need for improved production facilities.

Hampson's problems, which have contributed to the caution on dividend policy, relate rather to the other parts of the business.

The sterling devaluation gave margins in the furniture business a wounding blow because of the use of imported supplies: the pain will not be eased until the products have been redesigned and their materials re-sourced.

Double-glazing activities, given the depression in the construction industry, are at best sluggish. Aluminium prices have been low, but they improved in the second half.

Lloyds Abbey Life increases new UK life business by 6%

By John Authers

LLOYDS ABBEY Life, the life assurance group, yesterday announced a 6 per cent increase in new UK life business for 1992.

However, trends for its two trading arms varied widely. Black Horse Financial Services, the "bankassurance" arm which sells only to customers of Lloyds Bank, saw an increase of 7 per cent to £66m in regular premiums and of 34 per cent to £711m in single premiums.

That was equivalent to a 19 per cent rise, taking the standard industry yardstick of adding full regular premium business to 10 per cent of single premiums.

In contrast, Abbey Life Assurance, which distributes most of its products via a direct sales force, saw regular premium business fall by 11 per cent to £82.5m and single premiums rise by only 8 per cent to £289.5m. Using the adjusted new business yardstick, that was equivalent to a fall of 6 per cent compared with 1991.

The Abbey Life sales force fell from 3,507 to 3,200. Black Horse's sales force expanded slightly to 1,005.

Mr Stephen Maran, chief executive, said the low regular premium figures were caused by low consumer confidence, particularly in the second half. Redundancy pay-outs and early retirements had helped to boost single premium business.

He added: "Banks selling assurance, with relatively strong branding and a customer relationship in place, are always going to have a head start with the customer."

Nonetheless, he was confident that Abbey Life, with its strong distribution power, would survive. He suggested that the increased market share for bank assurance would be at the expense of small companies operating through independent brokers, rather than large direct sales forces.

Birkdale falls £494,000 into red and buys 80% stake in consultancy

By Gary Mead, Marketing Correspondent

THE BIRKDALE group, which runs a range of marketing, advertising and public relations agencies, incurred a pre-tax loss of £494,000 for the six months ended September 30.

That compared with profits of £64,000 previously and was struck from turnover down almost 10 per cent at £9.5m.

Losses per share emerged at 2.9p (earnings of 0.5p). The group's net average debt currently stands at £1m.

The fall in turnover was largely in line with the results across most of the advertising and marketing sector, as the recession hit budgets everywhere.

Mr Neil McClure, managing director, said that far from losing clients the group had in fact gained new business, with prestigious accounts from British Airways (for its international recruitment advertising), Cunard, Cadbury and elsewhere.

However, the recession meant that existing and new clients had tightened all budgets, including marketing.

"At the moment we can see some signs of a recovery but all we can say so far is that 1993 is not going to be worse than 1992," he added.

The group had cut staff levels by about 9 per cent to 370 in the past six months and board directors had taken pay cuts of 20 per cent; Mr Richard Humphreys, chief executive, takes no salary from the group.

Mr McClure said that the group's emphasis had been on maintaining itself in good financial and creative shape in order to take advantage of the recovery, when it arrives.

He also reported the acquisition by Birkdale of 80 per cent of the shares of MSL, the London-based marketing consultancy, for a maximum consideration of £365,000, financed by Birkdale shares and a one-year deferred payment.

3i raises £24.6m from sale of trust stakes

By Charles Batchelor

3i GROUP, the venture capital company, has sold its holdings in two publicly-quoted investment trusts, London Atlantic Investment Trust and North British Canadian Investment Company, for £24.6m after costs.

This represents the second largest disposal of an investment – after the sale of a £38m stake in the Frizzell financial services group – by 3i in the past 12 months.

The proceeds will be devoted to its core activity of investment in unquoted companies.

3i held stakes of 55 per cent stake in London Atlantic and 27.2 per cent in North British.

It will continue as investment manager for both the trusts, which specialise in smaller quoted companies, and is still keen to take on the management of other investment trust portfolios where possible, said Mr Rupert Wiles, executive director.

3i's portfolio management division still has responsibility for its direct stakes in quoted companies and for managing the group pension fund – a total of about £500m worth of investments.

3i held the stakes for several decades and originally acquired its holdings so as to have a home for some of its quoted investments. This was no longer appropriate, Mr Wiles said.

3i has its own much delayed plans to obtain a public listing in investment trust form.

The disposal involved 25.1m shares in London Atlantic which were placed with about 20 institutional investors at a discount of 2 per cent to the mid-market price of 71½p by stockbrokers James Capel.

Some 7.3m shares in North British were placed with about 10 institutions at a discount of nearly 4 per cent to the mid-market price of 103p.

London Atlantic has recently traded at a 13 per cent discount to net asset value and North British at a 9 per cent discount. The sale is expected to increase liquidity in the stock.

3i still has an 18 per cent stake in the Investment Trust of Guernsey.

Stanley Leisure slips but detects signs of recovery

By Andrew Bolger

STANLEY Leisure Organisation, the betting shop, casino and snooker club group, yesterday reported a slight drop in pre-tax profits from £3.73m to £3.53m in the six months to November 1.

The group also said it had recently detected the first signs of a recovery in spending due to lower interest rates.

Mr Leonard Steinberg, chairman, said: "People don't want to be miserable. They want to go out and spend it", but he added that high levels of unemployment were likely to prove a continuing restraint on confidence.

The profits setback was struck from turnover 8 per cent ahead at £108.5m.

Mr Steinberg said the period was the worst he had experienced in 38 years in the gaming industry.

He added: "We believe that while the recession is not yet over, a slow upturn has started. As a result, we remain confident and look forward to the next financial year with a degree more optimism than previously".

Leonard Steinberg: an upturn from recession has started

Stanley will have more than 350 betting shops after next month's completion of its acquisition of 26 Surrey Racing betting shops in Scotland for £2.99m.

During the half year, the racing division showed a slight improvement, but this was mainly due to turnover from acquisitions, and the average stake per slip increased only marginally, from £3.38 to £3.42p. Gross margins were slightly down, after a run of unfavourable results during the summer.

Stanley's 17 provincial casinos, which contribute about half of group profits, saw a slight fall in turnover, coupled with an improvement in margin. The spend per head was flat at £84.

Mr Steinberg said: "Trading has improved since the half-year, with the casino division showing greater signs of an upturn. Betting turnover had also improved, but margins are under some pressure."

Earnings per share were down from 5.52p to 5.48p.

The interim dividend is held at 1.52p.

BOC sounds warning over UK economy

By Paul Abrahams

BOC, the industrial gases group, yesterday warned the UK economy was "dead in the water".

Growth would be very low during the year, the group believed.

Sales of the group's gases are a sensitive barometer of industrial activity.

Speaking to shareholders at the annual meeting, Mr Patrick Rich, chairman and chief executive, added that it was too early to assess the impact of the change in economic policy following the devaluation of sterling last September.

The group's first quarter would be reasonably strong compared with last year, but he warned continued improvement would be dependent upon currencies and recovery of the world economy.

Mr Rich said the weakness of sterling – which helps the group through translation benefits – and continued cost containment would enable the group to continue to sustain its results.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims- British Bloodstock Agency, Investment Co, Zetters.

Finals- First National Finance, LPA Inds, Ryan Hotels.

FUTURE DATES

Interims-	
Pantheon	Feb. 11
SelecTV	Jan. 19
Unitech	Jan. 22
Wood (John D)	Jan. 26
Finals-	
Capita	Feb 22
Derby Trust	Jan. 28
Domino Printing Sciences	Jan. 28
Esselte	Mar. 23
Manchester Ship Canal	Feb. 9
Royal Insurance	Feb. 25
Shandwick	Jan. 26

NEWS DIGEST

Neotronics ahead of forecasts

NEOTRONICS Technology, a maker of specialist gas and water analysis equipment, raised pre-tax profits by 16 per cent, from £2.62m to £3.03m, in the year to September 30, writes Matthew Curtin.

The outcome was ahead of market expectations and the shares rose 8p to 161p.

Turnover jumped to £19.3m (£16.1m) with higher sales in the US, EC and Australia driven by legislation demanding tighter environmental and safety standards in industry. Operating profits were £3.12m (£2.65m).

Mr Paul Gotley, chairman, said the results were underpinned by emphasis on research and development - spending on which increased from £1m to £1.37m.

He said the greatest longer-term potential lay with Solomat Instrumentation, the group's water quality analysis subsidiary acquired in January last year.

The re-organisation and integration of Solomat was complete, and although regulations controlling the water industry worldwide were still in their infancy, new legislation in the EC and US would spur demand for Solomat's products.

Earnings per share improved to from 7.26p to 7.65p and the proposed final dividend is increased to 1.75p making a 2.6p (2.52p) total.

Kleen-e-ze settlement

Kleen-e-ze Holdings has agreed a settlement with Fanfare Electronics in respect of an alleged breach of an agreement by one of its subsidiaries.

The settlement involves the purchase of stock valued at some £250,000 which will be paid for over three years. The settlement was provided for in Kleen-e-ze's accounts for the 1991-92 year.

Fanfare had claimed £1.3m together with interest and costs.

IAWS acquires outlet in UK

Fish Industries, a subsidiary of USM-quoted IAWS Group, the Dublin-based fish meal and fish oil producer, has moved into the UK market through the purchase of the assets and goodwill of HBP.

Hull-based HBP processes, markets and distributes over 30,000 tonnes of fish meal annually to the animal feed and fish feed trade in the UK.

Coats given option on Youghal shares

Coats Viyella, the textiles group, has been granted an option to purchase Jaykeel Investments' holding of 8.68m shares in Youghal Carpets, which represents a stake of 18 per cent. The option, at 3p a share, can be exercised at any time in the next six months.

Coats, which made an agreed bid for the Cork-based carpet company in 1987, announced it was in talks to acquire the outstanding 28.2 per cent a week ago. Youghal's shares stood at 10½p yesterday.

Jaykeel, an investment company based in the Channel Islands, began building its stake at the time of Coats' 1p-a-share bid.

Youghal has suffered worsening losses in recent years. Pre-tax losses were I£3.7m (£3.9m) in 1991 and in the first half of 1992 it lost a further I£2.05m.

Aberforth Smaller net asset value falls

Net asset value at Aberforth Smaller Companies Trust fell from 126.2p to 122.8p per share over the year to December 31.

Net revenue increased from £790,000 to £3.27m, helped by interest earned on the proceeds of the placing and open offer of C shares, which was awaiting investment.

The trust said that this income would not recur and recommended a dividend which could be maintained in the present year; the proposed final is unchanged at 2.5p for a total of 4.6p (4.5p). Earnings per share were 5.8p (5.27p)

Aspen issue to raise £1.1m

Aspen Communications, the USM-quoted provider of communication products and services, is proposing to raise £1.1m net via the issue of 646,473 new ordinary shares at 173p each.

Aspen shares were unchanged at 180p.

The proceeds of the issue will enable the group to accelerate certain investment projects so as to take early advantage of any upturn in the UK economy.

The issue is underwritten by NatWest Wood Mackenzie. The brokers have agreed to place the shares with a number of institutions.

First Spanish net asset value lower

A sudden downturn in the property and construction sectors at a time when those sectors had been over-weighted in its portfolio left net asset value at First Spanish Investment Trust at 67.5p at November 30.

That represented a fall of 14 per cent from the 78.6p of six months earlier. At November 30 1991 nav was 72.2p.

The company said that with the peseta at a more competitive level the omens for the Spanish stock market, which was undervalued compared with other European markets, appeared favourable.

Net revenue for the six months to the end of November was £293,000 (£270,000) for earnings per share of 0.83p (0.76p).

The main objective of the trust is capital appreciation and no interim dividend will be paid. However, it intended to propose a final dividend for the year to May 31, the first payment since that for the 1989-90 year.

COMPANY NEWS IN BRIEF

EW FACT is to pay £50,000 for the business carried on by Exceptional Projects under the name London School of Accountancy.

LEARMONTH & Burchett Management Systems: acceptances in respect of the recent 1-for-4 rights represented a take-up of 96.35 per cent, or 3.35m shares.

MERRYDOWN WINE: recent open offer accepted by qualifying shareholders in respect of 2.58m shares (94.4 per cent). Balance of 152,637 shares allotted at 205p apiece to institutions.

TVS Entertainment: offer from International Family Entertainment accepted in respect of 62.4m ordinary shares (90.1 per cent) and 27.2m (54.7 per cent) preference shares. In total IFE owns or has valid acceptances totalling 86.5 per cent of TVS voting rights. The ordinary offer remains open until further notice while the offer for the preference shares remains open for acceptance until January 27.

USHER-WALKER: recommended offer by Sun Chemical accepted in respect of 8.27m shares (94.35 per cent). There was a 100 per cent acceptance for the preference capital. Ordinary offer remains open until further notice.

VINTEN has acquired Internet, a videoconferencing company, for a maximum of £2.5m in cash. The final figure will depend on profits for 1992 and whether net assets at the end of the period are less than £1.9m.

JOBS: If managers can't accentuate the positive, they could at least try eliminating the negative

We have ways of turning you off

ALTHOUGH doubtless still full of zest, you readers will mostly be old enough to have forgotten how it felt to leave your teenage years behind. So you are unlikely to remember the anxiety about impending adulthood, which – mingled with pride, of course – the Jobs column feels on passing its 20th birthday.

Fortunately my confidence received a boost during a visit to Ivan Robertson, Professor of Occupational Psychology at the University of Manchester Institute of Science and Technology. He reported that, while watching his young son playing football, he'd been approached by another spectating dad who'd handed him a strip of pink paper and urged him to read it there and then. "It turned out to be one of your articles," the professor intoned, as though he were recounting some inexplicable dream.

Even so, a column surely can't be all that bad if it gets bandied about at football matches. And if the clearly most intelligent but alas un-named dad in question is ever in the FT's vicinity, I owe him several drinks.

My reason for calling on Ivan Robertson was that among the things on which he's an authority is a subject that has proved of keen interest to readers down the years: people's motivation to work. Indeed, he is the leading author of the book* on the topic published by Britain's Institute of Personnel Management.

As the book makes clear, expert views on motivation have changed since this column's babyhood. Two decades back, there was an optimistic belief abroad that all human beings will become well motivated if their jobs are properly designed. So provided that organisations set up the jobs appropriately – by "enriching" them with suitable challenges, for example – everyone who came to work for them would have high motivation.

That pleasant notion has now given way to a more pessimistic view. It is that far from being alike in capacity, some people are intrinsically and perhaps even genetically more motivated than others, and so put greater effort into anything they are called upon to do. Hence there is no "universal motivator" in the sense of a formula for galvanising the whole of a workforce.

On hearing of the changed view, however, the Jobs column recalled the logician's gag about the converse not necessarily applying, enshrined by Lewis Carroll's immortal dormouse's dictum that although he breathes when he sleeps, it's not true that he sleeps when he breathes.

By the same token, the fact that companies have no way to turn everyone on, needn't mean they have no ways of turning everyone *off*. So I asked Professor Robertson whether there might be any universal *de*-motivators.

On reflection, he replied he could think of several. For a start, since research had shown that people need to know their efforts are paying off in terms of expected results, one good off-turner would be to give them no feedback. Even better might be to provide feedback, but scramble it so the links between effort and rewards appear entirely random.

The same end would be served by work-goals that are vague, if not downright contradictory, especially if imposed from on high without explanation, let alone consultation.

Still further potential lay in arbitrary controls, he went on, as exemplified by management reacting to an obviously isolated incident by clapping a permanent straitjacket on everybody. I rejoined that a case in point had happened at an army training camp miles from anywhere in the days of national service.

When a 48-hour leave came up, one recruit who lived too far away to get home was left all alone with nothing to do. So he scraped the black enamel off his iron bedstead and polished the metal until it shone like silver. It so impressed the commanding officer that he ordered the whole camp to do likewise. Thereafter, the pioneer polisher spent all his free time climbing out of the emergency water supply tank only to be thrown back in by the next set of waiting squaddies.

Ivan Robertson felt that the commandant had missed a trick. A truly skilled demotivator would have promoted the pioneer to sergeant-major. "But seriously," he added, "once you think about ways of turning everyone off, you suddenly realise what an awful lot of managers use them."

NOW to the table below which sheds some light on a query often posed by people considering going to work overseas – "if I went abroad, how much would it cost to keep up the same living standard for the family?"

The figures are provided by the Employment Conditions Abroad consultancy which keeps check on pay-rates and cost-levels in more than 150 countries. Since I have room for only nine of them, however, anyone wanting information on the others will need to contact Barry Rodin of ECA at 15 Britten St, London SW3 3TY; telephone (0)71-351 7151, fax (0)71-351 9396.

The pattern for the exercise is a middle management job, such as the head of marketing in a medium sized company. Taking managers of that kind from each of the nine countries covered, the table shows their typical gross salary and outlays at home, and the cost of keeping up the same buying habits in the other eight lands. The cost figures relate solely to spending on consumer-type goods and services, no account being taken of housing.

Other currencies have been converted to sterling at the exchange rates prevailing at the close of London markets last Friday night. The ranking of the countries is determined by how much their native executive spends when based at home.

By that yardstick, the Swiss with £19,721 worth of purchases make the Brits with £11,232 look relatively cheese-paring, although the Dutch and Australians are thriftier still.

Michael Dixon

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Nationality of mid-rank manager*	Gross salary in homeland £	Cost of keeping up home-country pattern of spending on consumer goods when in: United Kingdom £	United States £	Switzerland £	Netherlands £	Germany £	France £	Australia £	Singapore £	Hong Kong £
Swiss	74,248	13,779	14,180	19,721	15,630	17,893	17,921	12,908	16,690	16,778
Hong Kong	52,822	19,308	20,295	31,016	22,094	24,643	25,390	17,750	19,355	17,717
German	68,888	13,067	13,459	20,204	14,819	15,804	17,023	12,246	15,836	15,913
French	52,744	13,162	13,495	20,496	14,965	16,575	15,537	12,187	15,138	15,511
Singaporean	47,480	17,276	17,183	26,198	10,751	21,674	22,103	15,403	13,939	18,128
American	57,026	16,189	13,793	24,187	18,892	20,396	20,652	14,163	17,444	18,441
British	36,600	11,232	13,174	20,425	14,637	16,827	16,958	11,962	15,042	15,604
Dutch	47,711	9,234	9,797	14,883	9,789	12,187	12,312	8,780	11,437	11,288
Australian	32,561	11,288	11,061	17,132	12,758	14,111	14,241	9,216	13,316	13,171

* Responsible for function such as marketing in medium-sized company.

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We require an individual to join our expanding London metal derivatives team in a trading/sales/management capacity. Responsibilities will include management and control of our proprietary portfolio, the development of Option strategies with an established client base and the expansion of that client base. The successful applicant will have at least two to three years' proven successful experience in this or a closely related field such as Foreign Exchange derivatives. A thorough understanding of all types of Options, their risk assessment and experience in the management and control of a sophisticated portfolio of different currencies is essential. Strong computer literacy is a prerequisite. Metal industry experience an advantage but not essential.

This is a senior position reporting and accountable to Senior Management.

Applications with full CV's should be addressed to:

Miss N. Vernon-Browne, Personnel Manager, Gerald Limited, Europe House, World Trade Centre, St. Katharine by the Tower, London, E1 9AA

No Agencies

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A worldwide money broking company based in the City wishes to recruit a graduate in a business-related discipline with a minimum of two to three years' experience in money broking.

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Applications, including full details of careers to date, should be sent to
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Financial Times
1 Southwark Bridge
London SE1 9HL

CA 071-377 6488

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**For further details please call on 071-377 6488 or send/fax your CV to us.
All applications are treated in the strictest confidence. For enquiries outside business hours call 081-384 1833.**

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Please send detailed C.V. in confidence to:
Fred Healy, Head of Personnel,
Bank of Ireland Investment Managers Limited,
36 Queen Street, London EC4R 1BN.

Bank of Ireland

RIYAD BANK

SAUDI ARABIA

RIYAD BANK is Saudi Arabia's most prominent Bank with 170 branches in the Kingdom and offices in the UK and USA. The Bank has recently embarked on a comprehensive and ambitious automation restructure program, and, as a result, major technology based changes are expected within the Bank's International Banking Division at its Head Office in Riyadh.

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Interested applicants should forward a comprehensive curriculum vitae to:–

Anthony Evans
Latin American Securities Limited
Exchange House
Primrose Street
London EC2A 2NY

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We are a leading Asian institutional equity broker, covering all that Area's stock markets except Japan. As a result of further expansion, we are looking primarily for analysts to be located in our Asian offices and also for sales people in Asia, New York and London.

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Salary Negotiable   Please apply in writing to:

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BPP Bank Training
21st Floor, 99 Bishopsgate
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ACCOUNTANCY COLUMN

Heady experience on the bottom rung of audit ladder

Andrew Jack looks at a training course that mixes hard work and play – and instils 'firm values'

THEY came from all over Europe, the Middle East and Africa. They flocked to an obscure Dutch village in their hundreds, fresh-faced graduates with little experience of the world of business. By next Monday, most will be out on their first audit assignment.

Over two weeks, they have endured more than 12 hours a day of training, each one accompanied by less sleep and more powerful hangovers. They have been mixed by gender, colour and nationality. They have been hard at work and at play in the classrooms, the bars and the sports facilities. This is basic training for auditors; boot camp for the recruits of Arthur Andersen.

Mention Fast – short for firm-wide audit staff training – to a current or former Andersen professional and eyes will mist over with nostalgia. About 4,000 of this year's intake of 5,000 recruits worldwide will attend.

That explains the long list of accountants with the firm who are eager to go back and teach their more junior colleagues, while re-living their past. The considerable delegation within the firm to those in junior positions means that many have the chance before memories of the original fade too far.

This year, things are slightly different. The 250 students and 30 tutors now coming to the end of a residential conference centre near Eindhoven in the Netherlands have become guinea pigs for a new, improved course. Their sessions are being observed, questionnaires are being circulated, focus groups held every day. Simultaneously, a session is just finishing in Andersen's other principal training centre, St Charles outside Chicago.

It is the course with no name, or at least no digestible abbreviation. It is called ABA WST – audit and business advisory worldwide staff training – or Aberystwyth, as some of its instructors have started to dub it.

It represents 18 months of development, tens of thousands of hours of professionals' time in planning and some $1.7m in preparation costs to date. The offices sending participants are spending more than $3,000 a head for the privilege.

ABA WST is arguably the single most important element of the $350m which Andersen says it spent on training last year, out of fee income totalling $5.6bn.

The content of the syllabus has changed substantially from Fast. The gruelling regime – just as important as the learning in the classroom – remains virtually unchanged, although each class of former trainees claims its own was the toughest.

By the end of the second week, most of participants' energy has been long drained, and only momentum drives them on – giving them a taste of the stamina they may well need for the rest of their career with the firm.

How much knowledge they retain is debatable. One of the most common concerns among the trainees is whether they have sufficient skills to go out on their first audit. Their instructors constantly allay these fears. They argue that a tight supervision structure, well-established firm procedures and the impressive ability of the recruits will get them through.

What is certain is that those taking part make friends for life, forming a common bond against the pressures of the course. Critics say the course moulds them into the raw material for a career at "Arthur Android". The more diplomatic call the experience a culture bath.

Everything is geared around getting the participants to mix continually. The Koningshof conference centre is nearly two hours' journey from Amsterdam, and 20 minutes walk from the nearest off-site bar. It was purposely chosen to be distant from distractions which might lure students off the campus.

That does not deter the hardy. Each evening, large groups – led by the South Africans, the British and the Irish – seek out the nearest bar once the hotel's own facilities shut down at 1am. Others collapse into bed ready for the early start.

Koningshof is designed around groups. The bedrooms are clean and functional. They are very small and have no distractions such as television. The one item of equipment is an alarm clock for early wake-ups.

The centre is self-contained, and focused around communal areas, with several restaurants and bars as well as many classrooms. There are elaborate sports facilities, and the ABA WST timetable schedules an hour before dinner each day specifically for sports. It also slots in an athletics competition on the first Wednesday. Most people take part.

In a typically canny accountant's move, Andersen drew up a complex contract with the centre's management four years ago. It uses the facilities at a substantial discount and has its own wing which is now being expanded. But it does not assume the risks of the entire hotel, which takes clients from other corporate customers. It expects to break even each year, charging all costs to the national Andersen firms.

Most hours each day are spent in classes. They start promptly at 8am, and rarely finish before 10pm, with short breaks for coffee, lunch and dinner. Anyone who is late faces a forfeit. Tardy trainees had to stand on a chair and sing their national anthem, stand on one leg and recite a nursery rhyme, or crawl around the floor impersonating an elephant.

Classes are also smartly turned out. Andersen people dress down for dinner, quickly changing into jeans during the evening break. That is a habit which tends to persist during their careers. But during the day, they are in smart outfits. Many of the men are already adorned in the dark grey suits that are almost ubiquitous among partners.

Aspects of the Andersen culture occupy the first three days – the "core course". Trainees learn communication, teamwork, time management and research skills. They are told about business protocol and building internal relationships in the firm. Resumés listing each others' backgrounds and interests are circulated to everyone. Years later, accountants in the firm use these connections to help ease international assignments.

But the emphasis on firm values continues for the rest of the fortnight. Everyone is allocated to new classes after the first three days, with the exception of the French who have instruction in their own language. Trainees within each class are regularly rotated, ensuring that the genders and nationalities mix. Much of the training is in groups and teams, and requires presentations.

Learning is based around a simulated audit of a fictitious US hair products company called "Style by Castan". Trainees watch videos, read press clippings and gain an understanding of the business and its accounting systems. They learn about risk assessment and planning the audit.

Then they prepare work papers, and get going on topics such as the expenditure cycle, inventory observation, the revenue cycle, receivables, property, plant and equipment, profit and loss, contingencies and the financial reporting cycle.

In between, they are periodically referred back to the firm's audit manuals, and instructors throw in examples from their own experiences. Audit standards are emphasised alongside client value. The importance of fees – including identifying additional functions which the firm can sell – are not neglected.

Mr Marco Castino, a partner from Andersen's Italian practice, says there have been substantial changes to the syllabus since Fast. The course provides less detail but more overview, emphasising the business reasons rather than simply the procedures. It has also been made less US-based to reflect the firm's worldwide nature.

By the start of next week, those who took part may not have grasped every fine point of auditing, but they have laid the foundations for a long-standing career in the world's most unified accountancy firm.

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As a result of internal promotion, they seek to appoint a European Finance Director. Reporting directly to the European Vice President, you will assume responsibility for all financial and management reporting including statutory/legal compliance, treasury management and the further development of management information systems. In addition you will be responsible for the pan-European purchasing and freight operations.

Candidates, aged 33-45, will be qualified accountants who can demonstrate a thorough understanding of accounting controls and of international standards combined with a keen commercial awareness and well developed communication skills. A language ability in French or German would be an advantage though not essential.

Interested applicants should forward a comprehensive curriculum vitae quoting **ref: 14766, to Stephen Banks ACMA, Regional Director, at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.**

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Interested applicants should forward a comprehensive curriculum vitae quoting ref: 14761, to **Stephen K Banks ACMA at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.**

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The Department of the Environment's Accounts Division handles transactions of over £50bn per annum and has an operating budget of over £2m.

Reporting to the Director of Administrative Resources, the Head of Accounting Services will take responsibility for the Department's receipts, payments and Vote Accounts and also for the development, procurement and implementation of a major new accounting system for the Department.

To fulfil this demanding role, you will probably have either a professional accountancy qualification or extensive experience of Government accounting. You will be able to demonstrate a good track record in managing a demanding and time critical operation, where there is immediate and major accountability for delivering a high profile capability. You will also be able to provide excellent managerial skills, determination and strong leadership.

The position is based in Hemel Hempstead but will require frequent travel to central London. The role is offered on a 4 year contract which may be extendable.

A remuneration package of up to £50k is offered (inclusive of performance related pay); more may be payable for an exceptionally qualified candidate.

If you would like to find out more about this opportunity or request an information pack, please telephone Heather Thomas on 071 939 6315. Applications should be returned to her by 12 February 1993, quoting reference number F/1322/FT at the address below.

The Department is an Equal Opportunities employer.

Executive Search & Selection
Price Waterhouse
Milton Gate
1 Moor Lane
London EC2Y 9PB

هكذا من الأصل

CD1 VAT SENIOR MANAGER
North East *to £35K + Car*
Experienced VAT Consultant required to set up new department within International Practice. Responsibilities will include problem solving for Acquisitions, Disposals and Liquidations.

CD2 CORP TAX JNR MANAGER
Tyneside *to £27K + Car*
Big 6 practice requires ACA/ATII with at least 4 years corporate tax experience to advise major multinational organisations on all corporate tax matters.

CD3 AUDIT SENIOR/SUPERVISOR
Edinburgh £22K
Recently qualified ACA required by large city practice to supervise a portfolio of major clients including PLCs.

CD4 PERSONAL TAX MANAGER
Newcastle *c. £27K + Car*
ACA/ATII required by major practice to head up expanding department. Duties will include managing an extensive portfolio of Personal Tax clients involving both compliance and planning work.

CD5 INSOLVENCY - ASST MANAGER
Throughout UK *£25-£30K + Car + Relsc*
A number of major insolvency practices seek ambitious ACA's or licence holders to take Managerial and Business Development responsibilities.

CD6 CORPORATE AUDIT
Europe *c. £25K*
Major International Service Company currently requires newly qualified ACA to fulfill International Audit role. Must have reasonable fluency in German.

ACCOUNTING & TAX

TOP CAREER OPPORTUNITIES NORTH OF WATFORD
FOR FURTHER INFORMATION CONTACT
CHRIS DICKSON or DAVID CHEYNE

SEARCH
Recruitment & Selection
1A HILL ST., EDINBURGH EH2 3JP.
TEL: 031-226 4444 · FAX: 031-226 4443

DC1 CORP TAX PARTNER DESIGNATE
West of Scotland *c. £45K*
Medium sized firm seeks big 6 Corporate Tax Manager for Partner Designate role. Full partnership available within 2 years. No equity required.

DC2 TAX SENIOR/SUPERVISOR
West of Scotland *£20-£24K + Car*
MBO based Practice seeks Senior/Supervisor to be involved in tax planning for a varied portfolio of clients. Full training and support given.

DC3 AUDIT SENIOR
Aberdeen *£19K + Car*
A rare opportunity exists for newly qualified ACA to become involved in client development for a range of medium sized businesses with well established practice.

DC4 AUDIT MANAGER
Glasgow *£27K + Car*
Managers role in medium sized practice has expanded to incorporate business development and training. Partnership anticipated within 3 years.

DC5 EX-PATRIOT TAX
Scotland *£17-£35K*
We currently hold several vacancies for ex-pat tax staff from Assistants to Senior Managers in Glasgow, Edinburgh and Aberdeen.

DC6 INTERNATIONAL AUDIT
New York *$60K*
A superb opportunity exists for newly/recently qualified ACA within global firm. Working in North and South America, Australia and the Far East.

Accounting is only half the equation

Banking Services Manager

Staines

As Banking Services Manager at Sony, you'll need more than just accounting skills as you'll be helping to further sharpen the customer focus of the treasury function - a challenge that calls for excellent communication skills, the ability to lead and motivate others and maintain high levels of customer satisfaction.

Reporting to the General Manager Treasury and Taxation, you will manage an established team of 11 staff whose responsibilities range from accounts payable and cashiers to payroll and cash forecasting. Here you will maintain the highest level of accounting rigour and accuracy and ensure that suppliers and internal customers receive excellent service at all times.

In addition, you'll be involved in the ongoing enhancement of Sony's capability in three operational areas - namely, long term cashflow forecasting, foreign currency management, and the effective use of treasury information for management purposes.

A qualified accountant, you must have at least 3 years' experience in a commercial organisation. Sound man-management experience, together with a good working knowledge of the money market and a practical understanding of personal taxation issues are essential.

The rewards include a salary of up to £30,000, (dependent on experience), a company car, and excellent benefits package. To apply, please send a full CV to Louise Sapia, Sony (U.K.) Ltd, Sony House, South Street, Staines, Middlesex TW18 4PF and tell us in no more than 250 words why you believe a focus on customer satisfaction is important in a finance environment.

Please quote reference 229. Closing date for applications Friday 22nd January 1993.

SONY.

SENIOR MANAGEMENT ACCOUNTANT

c.£30,000 + benefits **London, W1**

English Heritage is England's main national body responsible for heritage conservation. We secure the preservation of the country's architectural and archaeological heritage, and promote public enjoyment and knowledge of this through the management of more than 350 properties.

Currently we are looking for a qualified Accountant (CCAB), to head up the Management Accounting team at our offices in Savile Row. You will be responsible for the preparation, presentation and interpretation of budgets, financial input to the corporate plan, management accounts and associated reports. You will also represent the department at formal meetings, provide briefings to directors, and financial training for budget and line managers.

In addition to a successful track record, the ideal candidate will have excellent interpersonal and communication skills, complemented by a familiarity with computer systems and proven analytical ability.

In return, we can offer a highly competitive salary together with an excellent package of benefits including non-contributory pension scheme and life cover.

To apply, please send a summary of your CV together with a brief covering letter, quoting ref. R/1/93, to: Joanne Gaskin, Personnel Department, English Heritage, Bond Street House, 14 Clifford Street, London W1X 1RB. Telephone: 071-973 3880.

Closing date: 28th January, 1993. Interviews will be held in London in February.

English Heritage is committed to an equal opportunities policy.

English Heritage

Internal Auditors

£25-33,000
Central London

...exciting new opportunities in a high profile team.

Our client is a highly successful UK company achieving a multi-million pound turnover. Having recently undertaken a re-assessment of its business divisions they are looking to develop an enhanced and highly motivated audit team to play a major role in the management and control of the newly structured organisation.

They now wish to speak to a number of young ambitious accountants, preferably with some EDP and/or engineering knowledge, with a view to strengthening the existing team. Further training in EDP auditing techniques will be actively encouraged where necessary.

The successful candidates will report to a senior management team and should possess a high level of business acumen, strong personalities and the ability to communicate effectively at all levels.

The company operates a policy of equal opportunities.

In the first instance please forward a Curriculum Vitae including salary details and quoting reference number HC295 to Hunter Campbell, 1 Prince of Wales Passage, 117 Hampstead Road, London NW1 3EE. All applications will be treated in the strictest of confidence.

Hunter · Campbell

AN ENERGETIC AND WIDELY EXPERIENCED INTERNATIONAL FINANCE DIRECTOR

Currently based Thames Valley specialising young, high growth sales & marketing lead organisations. Seeks new opportunities full or part time.

Please write to Box A675, Financial Times, One Southwark Bridge, London SE1 9HL

FINANCIAL DIRECTOR

A major group located in the North of England with a turnover in excess of £50M is seeking a Qualified Group Financial Director to be responsible for the financial control of the group, reporting directly to the Chairman.

The Group consists of a number of subsidiary companies, each with its own managerial control, including Managing Director and Accountant. The Financial Director will be appointed to the main board after a period of time. He will have a strong hands-on approach and be responsible for co-ordinating the activities of the various company accountants.

The above position, in a successful but demanding company, carries an attractive salary and benefit package. Assistance to re-locate will be provided where appropriate.

Applications with a detailed C.V. should be forwarded to: Box A668, Financial Times, One Southwark Bridge, London SE1 9HL.

Private Client

TAXATION MANAGER

St James's Park
London SW1

Our client is a well respected investment and financial management organisation dealing predominantly with all aspects of the financial affairs of high quality private clients and their trusts.

On the retirement of the present taxation manager, the company is seeking a replacement. The ideal candidate for this challenging post will be aged at least 35, ACA and/or ATII qualified, and be currently responsible for a private client tax portfolio. In addition to taxation work, he or she will also be expected to assist with the administration of clients' financial affairs, including insurance. It is intended that the position will further be developed to include aspects of compliance with financial services regulations.

An attractive remuneration package is offered, matching ability and experience. Please send a CV, including salary progression, to Kathryn Johnstone at the address below.

DIXON WILSON
CHARTERED ACCOUNTANTS
ROTHERWICK HOUSE, 3 THOMAS MORE STREET, LONDON E1 9YX

INTERNATIONAL MANAGEMENT CONSULTANCY

FINANCIAL CONTROLLER LONDON c.35K

Our client, a leading international management consultancy, with a U.K. turnover of £12 million, 200 staff in three locations and a steady growth record, is looking for a financial controller to steer the company through the next phase of expansion. Reporting to the European Financial Director, with the backup of an existing accounting team of six, the successful applicant will:

* be a graduate
* be qualified ACA or ICMA
* have three years post qualification experience
* be aged 28-38
* have experience of installing MIS and computer systems
* be a good communicator and delegator
* enjoy challenges and change management

Career prospects within this successful and innovative company are excellent.
For further details please contact our consultant, Jane Crosthwaite, on 071 581 2977 or fax 071 581 1766. No. 2, Cromwell Place, London, SW7 2JE.

ADVISORS - UKRAINE

RH&H Consult is seeking two well-qualified experienced candidates to provide assistance in the elaboration of legislation in the areas of accounting and auditing in Ukraine. Both should have good knowledge of accounting laws, implementation and practices in the EC and its member states. Experience in the drafting of accounting and auditing legislation would be an asset.

EC or Eastern Europe/former USSR nationals only. Only successful candidates will be contacted. Please urgently and not later than 25 January fax detailed CV attn: Lars Jepsen.

RH&H CONSULT
RAMBOLL HANNEMANN & HOJLUND AS
Bredevej 2, DK-2830 Virum, Fax: +45 45 83 13 05

RH&H Consult is a major Danish consulting company. Activities include assistance to financial sector, privatisation and investment promotion in former centrally-planned countries.

UNIVERSITY OF WARWICK

FINANCE OFFICER

Applications are invited for the post of Finance Officer, which will fall vacant from the Summer 1993 on the retirement of Mr C Brummitt. The post carries responsibility for all financial management and accounting in the University and a approven record of ability in those areas at a senior level is a requirement. A degree or professional qualification would be an advantage.

Salary will be at an appropriate point in the Grade 6 (professional) range, but will be not less than £40k.

Application forms (returnable by 5 February 1993) and further particulars from the Personnel Office, University of Warwick, Coventry CV4 7AL (telephone 0203 523627) quoting Ref 24/4B/92/77 (please mark clearly on envelope).

AN EQUAL OPPORTUNITIES EMPLOYER

NEW DEVELOPMENT BUDAPEST

Financial Controller

International Quick Service Restaurant company with offices in Budapest seeks to engage a financial controller, based in Budapest, to join in the future development of the company and franchise system. Candidate qualifications:

- Min 5 years qualification plus International accounting practice experience
- English fluent, German/ Hungarian preferred
- Competent knowledge of cash management/cash flow
- Computer literate, knowledge of spreadsheet

Please send CV and salary history to: Box A667, Financial Times, One Southwark Bridge, London SE1 9HL

SENIOR CLERK - ACCOUNTS DEPT

A major Italian Bank wishes to expand its Accounts Department. The successful candidate should have previous experience in Accountancy. A good knowledge of Italian would prove most useful.
For further details please write to
Box A682, Financial Times,
One Southwark Bridge, London SE1 9HL

FINANCE DIRECTOR

Nigeria

Our client, an important international holding company, has extensive operations in Nigeria spanning trading and distribution, metal products manufacturing, packaging materials, food processing, brewing, systems consultancy and oilfield services. Significant growth and profitability have been achieved by concentration on businesses with high potential and through expanson both organically and by acquisition. The company has prided itself on its ability to develop and nurture an able management team and promotion has now led to the need to recruit an experienced Finance Director.

This is a demanding role requiring a qualified accountant, around forty, who has already acquired experience in a senior financial position in an international group where strong financial controls and effective management and financial reporting systems are the norm and who, preferably, has worked with one of the major international accounting practices. The incumbent will provide essential financial support to the Group Chief Executive and operating company managements, will oversee the treasury function, will help steer the Group's relations with the banks and will be expected to make a contribution, as a key member of senior management, to the strategic direction of the businesses and the future objectives of the Group. This position, reporting to the Group Chief Executive, will be Lagos based.

The company will offer a very attractive remuneration and benefits package. Applications are invited from high calibre financial specialists, who are Nigerian nationals or of English speaking West African origin, and should be addressed, in confidence, to the Group's advisors:

MADAR
2 The Courtyard, Smith Street, London SW3 4EE.
The Management Selection Division of Dennis & Gemmill International Limited

Divisional Financial Controller

Quoted PLC – Chemicals **North West**
c.£40,000 + Bonus + Car

An outstanding opportunity for an energetic, enthusiastic, high calibre, commercially orientated accountant to join the management team of this expanding Division.

THE ORGANISATION
- Division of a quoted Chemicals group specialising in the manufacture, sale and distribution *of chemicals on a world-wide basis.*
- Important operations in the UK, USA and Europe.
- Excellent potential for future growth.

THE POSITION
- Reporting to the Managing Director and to the Group Finance Director, you will lead and motivate a small team responsible for the accounting and financial control of the Division on a global basis.
- Timely production of financial and management information and budgets.
- *Responsible for the operation, development and enhancement of the computerised database* and accounting systems.

QUALIFICATIONS
- Intelligent, pro-active, qualified accountant of graduate calibre aged probably mid 30s to 40.
- *First class technical skills preferably gained with a major profit orientated, multi-national* group ideally operating in the Chemical or Pharmaceutical industries.
- 'Hands-on' accountant who is highly motivated with strong leadership and man-management abilities.
- In-depth knowledge of financial controls and disciplines and reporting to tight deadlines.
- Skilled in computerised systems development and enhancement.
- Confident and assured personality supported by a high level of integrity.

If you are interested, please send your CV, in confidence, quoting reference number 1030, to *Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Tel 0532 451212 Fax 0532 420802.*

ADAMSON & PARTNERS LTD.
Executive Search and Selection

EDP AUDITOR

We are a leading Arab financial institution with diverse business locations around the globe.

We seek to recruit a suitably qualified *EDP Auditor* who should be willing to travel to each of the locations and to be able to work in a multi-cultural environment. The job itself is based in Bahrain but the travel content overall is expected to be around 50%

The ideal candidate will be a qualified accountant (ACA, ACCA) preferred age 30-35, who has had EDP audit training within one of the large firms of accountants with a bias toward the financial services sector. He/She must have excellent communication skills both written and oral and be prepared to train a local national in all aspects of EDP audit.

For the right candidate we offer an attractive tax free salary, free furnished accommodation, medical coverage and other benefits usually associated with an expatriate posting.

Interested candidates should sent their detailed resumé to: Box A681, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCE DIRECTOR EUROPE

South West England c £35,000 plus car

This European Packaging Division, of a major USA based Multi-national Group, which has Operations in the UK and Europe is seeking a Finance Director to head its Finance Function.

The Division is a significant supplier of Plastic Packaging with 600 people employed in five operating locations.

Reporting to the Business Group Director, responsibility is for the professional management of the Finance Function, including financial strategy, planning and reporting, together with appraisal of performance, investment, and acquisition proposals.

The Company is seeking a commercially aware Accountant, CIMA preferred, with proven relevant experience at a senior level of industrial financial control.

An attractive salary package is available to include a 2 litre car, private health care, and relocation assistance to a pleasant part of the South West of England.

Applications, including a full C.V. and references should be sent to:-

Regency Business Services, 44 Durnford Street, Plymouth, Devon PL1 3QN

FINANCE DIRECTOR

Surrey c.£35,000 + car

Our clients are an autonomous subsidiary of a large diverse British Group. They were established a few years ago to exploit an emerging market, providing a range of services to industrial/commercial customers. The growth to date has been impressive but they see potential for substantial further expansion. The management structure is being strengthened to accommodate this expansion and this new appointment is part of that process. The job carries responsibility for a small department operating computer-based systems but an important aspect will be to maintain a proper balance between these resources and the changing demands on the finance function. The person appointed must, therefore, combine a hands-on approach with a broad commercial outlook that will enable him/her to play a full part in the development of the company. Applicants must be qualified accountants with experience in an operational environment that has involved the management of change. Age indicator – early 30's.
Ref: 1736/FT. Send CV (with current salary and day time telephone number) or write or phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 071 493 0156. (24 hours).

Phillips & Carpenter
Selection Consultants

Finance Manager

Basingstoke c £35,000 +Benefits

We are a successful young company providing technical services to manufacturers of electrical & electronic equipment. Despite the recession, we envisage a continuation of the rapid growth experienced to date and have now created a new position of Finance Manager to complement the existing management team.

The Finance Manager will take over responsibility for the existing accounting function as well as responsibility for financial planning and strategy. The position will also have responsibility for the development of information technology systems and certain aspects of personnel development.

The ideal candidate would be a Chartered Accountant with experience of financial planning for rapidly growing companies and the ability to apply a broad business perspective to financial decisions. A degree in a technical subject or a knowledge of the electronics industry would also be of assistance.
Please send C.V. to Box A669, Financial Times, 1 Southwark Bridge, London SE1 9HL

Director Of Finance

North West

c £30,000, Bonus, Car, Benefits

After another year of significant growth my client, the autonomous UK subsidiary of an international leader in its niche FMCG marketplace, wishes to maintain the strength of its senior management team by appointing an energetic, ambitious Director of Finance, following the promotion of the current postholder. With a turnover of £25M and a staff of 250 employed at three sites, the company has established itself as one of the most profitable in the group and is committed to further increasing its substantial market share. Reporting to the Managing Director, the primary responsibilities will be to further develop the services supporting operational activities and contributing to the achievement of the long term business objectives. Probably aged mid-thirties and professionally qualified, you will demonstrate a successful track record of leadership and management in a dynamic and challenging FMCG environment.

If you feel you have the self-motivation, ambition and enthusiasm and relish the thought of further career advancement please send your CV to Mr. J.H. Thompson, Hoggett Bowers plc, 1 Derby Road, Fulwood, PRESTON, PR2 4JJ, quoting Ref. M27007/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and representation throughout EUROPE

FINANCE AND ADMINISTRATION DIRECTOR

c. £30,000 + car and benefits

Central London

Our client is the very successful Trade Association for a major manufacturing industry. As a non-profit making organisation it depends mainly upon membership subscriptions and income derived from the sale of publications, as well as the organisation of courses, conferences and exhibitions. Member companies expect to see their association run as a 'tight-ship'.

The role of Finance and Administration Director is very influential and will play an increasingly important part in the growth and development of the association.

Candidates, preferably chartered accountants aged 40 – 55 years, must have managed a finance and company secretarial function in a manufacturing industry, and be highly computer literate. The selected candidate will be accustomed to doing most of his/her work personally but will also have to motivate a small team which includes office services personnel.

Attractive benefits include an executive car, medical and life insurance and a contributory pension scheme.

Please send your career details, together with a day time telephone number, to Richard Brasher, at the address below.

MKA MANAGEMENT CONSULTING LIMITED
Tectonic Place, Holyport Road,
Holyport, Maidenhead, Berks SL6 2YE
Telephone: (0628) 798015
Fax: (0628) 798138

MKA

BELGIUM • FRANCE • GERMANY • ITALY • SPAIN • SWEDEN • SWITZERLAND • THE NETHERLANDS

KICK Sportswear

Accountant £30K

We are one of the leading companies in the licensed sportswear industry in the UK and are expanding into Europe. Our turnover this year will be in excess of £10m

We have recently been bought out by a Public American Corporation which is in the same industry in the USA. For this reason we need to make a new appointment.

You will be taking over the complete control of our small accounts department as well as the total responsibility for all budgeting, reporting and planning functions of the company. We are a go ahead company and need someone not afraid of hard work and a real challenge.

- Qualified Accountant
- 3 to 5 years experience with one of the big 6
- 3+ years industrial experience
- Experience in manufacturing industry using standard costing accounts
- Experience in the garment industry
- Good knowledge of PC's using Tetra accountancy software
- Good spreadsheet knowledge
- Good communication/management skills

The suitable applicant will have the following attributes:
Please reply with full details of your experience in the above areas together with full CV to Sarah Dunster at:

Kick Sportswear, Unit 2, St Georges Ind Est, Kingston Upon Thames KT2 5BQ

DIVISIONAL FINANCIAL CONTROLLER

NORTH WEST TO £37,500 P.A. PLUS CAR

This newly created role is part of the ongoing development strategy of this highly respected £600 million turnover PLC. This Division has recently completed two significant acquisitions including a European operation which will take the Division's turnover close to £200 million. The appointment of a Divisional Financial Controller to support the management of the Division is key to the successful integration of the acquisitions and delivery of the business plan.

The successful candidate will report to the Divisional Managing Director with functional reporting to the Financial Director and will be responsible for all financial management activities within the Division from providing leadership and guidance to operating company accounting staff through to the monthly consolidation of results and management reporting. The role will have some international content with overseas contracts and a company in Europe. Candidates, preferably aged 32-42, will be qualified Accountants and must have Financial Management experience in the construction industry. Exposure to systems development would be an advantage as would a second European language.

Apply in confidence by sending a detailed CV quoting reference number 654 to:
Staniforth-Endsor & Partners Limited, 3 The Courtyard, Ashley Road, Hale, Cheshire WA14 3NG. Telephone: 061 929 1481. Fax: 061 929 8098.

STANIFORTH·ENDSOR & Partners Ltd
CONSULTANTS IN ORGANISATIONAL COMPETITIVENESS

FINANCE PROFESSIONALS IN INSURANCE FOR MANAGEMENT CONSULTANCY
ATTRACTIVE SALARY PACKAGE + GENEROUS BENEFITS

Right person. Right place. Right time.

(Which is why you should move.)

You've achieved much in your insurance career so far, gaining in-depth knowledge and a clear commercial focus. But those skills which have served your career well to date can be enhanced still further in management consultancy. At Coopers & Lybrand, we offer exceptional individuals the chance to develop their skills and fulfil their potential in a broader context.

The business understanding which you've derived from line management or project-based experience - together with your degree and professional accountancy qualifications - make you well-placed to benefit from such a career move.

Coopers & Lybrand is acknowledged worldwide as a leading management consultancy and accountancy firm. Join our Financial Services arm and you will be part of an established and highly specialised insurance team, advising clients on a range of strategic financial and systems-related issues in what continues to be an increasingly competitive marketplace.

Working within project teams of various sizes, you will enjoy genuine responsibility for defining problems, instigating change and influencing the strategy of blue-chip clients at senior management level. Operating anywhere in the UK or overseas, you will use your personal experience and initiative to take key decisions and carry through their implementation.

As well as good analytical and problem-solving skills, you will have the ability to communicate your findings clearly and succinctly. Probably aged 25-35, energetic and determined, you must be able to establish immediate credibility among senior client management.

In return, you will enjoy excellent career prospects, an impressive remuneration package and individually-tailored training. Above all, you will have the opportunity to prove your worth in an environment that is both challenging and enjoyable.

If you believe you can add to the strength of our team, please write with full career details to
Jean Richardson, Coopers & Lybrand, Plumtree Court, London EC4A 4HT. Please quote reference FT032.

Coopers & Lybrand — Solutions for Business

Practice Manager

Legal Profession

Home Counties £Neg

Our client is a leading firm of solicitors which provides a wide range of legal services, based principally on corporate, litigation and property work.

Central to the firm's development is the appointment of a financially orientated Practice Manager who will take responsibility for the effective management of the accounts and administration functions throughout the organisation. The successful candidate will also be a member of the Management Committee.

Reporting to the Managing Partner, you will be a qualified accountant, ideally with experience of managing the accounts and administration functions in a dynamic and professional environment. This experience will be supported by evidence of computer systems knowledge and the strong financial and analytical skills necessary to run a growing business.

In the first instance, please send your CV to Ann Heather or Chris Denington at International House, 7 High Street, Ealing, London W5 5DB. Alternatively, call them on 081 566 5900.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

MORGAN GRENFELL

TAX ADVISER - CORPORATE FINANCE DIVISION
c.£35,000 + Banking Benefits

Morgan Grenfell, the London-based international merchant banking and investment management group, is one of the City's leading financial institutions.

It wishes to recruit an Executive to join a small, dedicated team providing tax advice on a wide range of transactions and products. The work covers:

- M&A transactions e.g. mergers, de-mergers
- UK Capital Gains Tax planning
- Structuring transactions and some international tax planning.

The tax team is located within the Corporate Finance division and the majority of advice is given alongside members of this division involved in mergers and acquisitions and other potential transactions, but support is also provided to other parts of the Morgan Grenfell Group. There are no compliance responsibilities.

The successful candidate will be required to advise corporate finance colleagues and clients, often at a very senior level, as well as consulting with their professional advisers. There is an emphasis on creativity and problem-solving. Applications are invited from first-rate ACAs or Solicitors from City firms with an international clientele who have gained strong corporate tax experience. Of equal importance is the ability to communicate effectively and to act commercially.

BLT

Interested candidates should send a full CV to Mike Beament or Tony Jackson at the address below. Alternatively call them on 071 353 5606 during office hours or 081 948 2936/071 350 2132 evenings/weekends.

BEAMENT LESLIE THOMAS RECRUITMENT CONSULTANCY LIMITED
SUITE 62, LUDGATE HOUSE, 107-111 FLEET STREET, LONDON EC4A 2AB
071-353 5606

Audit Manager

Europe Middle East Latin America

BRUSSELS

£45,000 PLUS CAR

Our client, with worldwide sales in excess of $22 billion, is a US multinational with a diverse product range spanning middle to high technologies. Each individual business area boasts a history of market leadership.

Due to internal promotion, the need has now arisen to appoint an outstanding individual to join the regional audit team based in Brussels. Activity extends beyond Europe to the Middle East and Latin America and encompasses over 90 manufacturing and distribution units with combined revenues in excess of $4.5 billion. Reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits as well as assisting in the management of the European regional office including budgeting, training and recruiting.

A graduate Chartered Accountant, probably between 30 and 35 years of age, you must have a minimum of five years' post qualification experience, preferably including some line management exposure. You must be comfortable communicating at the highest management levels, both in English and at least one other European language.

You must be willing to travel (40% content) and be actively interested in pursuing a post-audit career which may not initially be UK based. Promotion will be rapid and the rewards outstanding for those candidates who can combine an international spirit with a highly developed commercial, results-orientated nature.

Interested applicants should write to Rod Bailey enclosing a detailed CV at Nicholson International, Search and Selection Consultants, Africa House, 64/78 Kingsway, London WC2B 6AH, quoting reference number 9721 or fax your details on 071-404 8128, or telephone 071-404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

FINANCE DIRECTOR

Expanding Retail Group

London c.£45,000 + car + benefits

This expanding retail group has a turnover in excess of £20m and operates branches nationwide. A self-motivated, commercially orientated Finance Director with a successful track record in a multi-site retail environment is required to complete the executive team. Reporting to the Managing Director, key responsibilities will include strategic planning, budgeting and cash management.

THE CANDIDATE

Qualified Professional Accountant with a successful track record in a multi-site retail environment.
Highly motivated, commercially astute with an emphasis on the bottom line.
Experience of implementing an IT/EPOS programme.

THE ROLE

Appraise existing finance function implementing change where necessary.
Develop and implement financial systems for reporting and analysing the results of all branches.
Advise on margins/sales mix to maximise profitability.
Appraise existing reporting procedures, implementing change where necessary.
To control costs and capital expenditure through development of short-term forecasting.

Please apply in writing, enclosing full CV to:
BOX A674, Financial Times, 1 Southwark Bridge Road, London SE1 9HL

THE PROPERTY MARKET

The final curtain call

Vanessa Houlder on MEPC's outgoing chairman

Sir Christopher Benson, the outgoing chairman of MEPC, Britain's second largest property group, does not view next week's annual general meeting with his usual equanimity.

He is bracing himself for a possible intervention at the behest of Mr Harry Hyams, the reclusive post-war developer of Centre Point in London who is one of MEPC's most critical shareholders. "I would be surprised if Harry Hyams did not orchestrate something," says Sir Christopher.

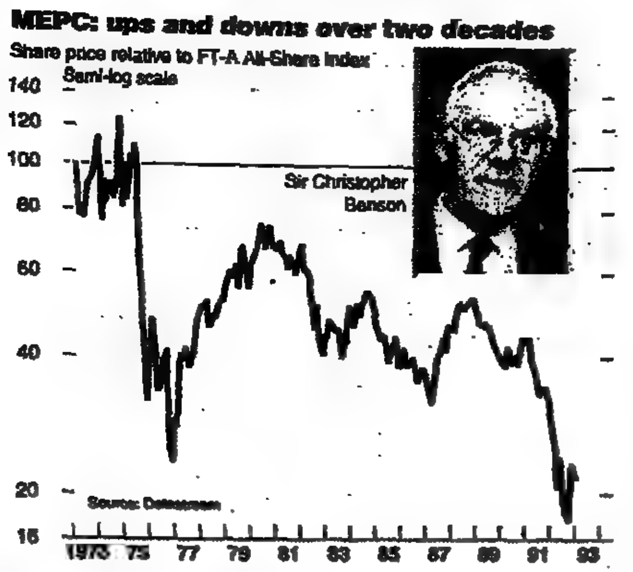
A year ago four associates of Mr Hyams, owner of 6.6 per cent of MEPC, challenged the payment of an increased dividend. Sir Christopher has few doubts about the strength of Mr Hyams' feelings. Shortly before last year's agm, Mr Hyams set out his thoughts on MEPC's philosophy and management style in a 40-minute telephone conversion with Sir Christopher which the MEPC boss describes as "very critical and passionate". In the exchange, Mr Hyams said he was "incredulous" that Sir Christopher had the gall to describe MEPC's 1991 results as creditable. MEPC's pre-tax profits fell 4.3 per cent to £143.3m in 1991.

The differences between Mr Hyams and Sir Christopher date back at least to 1987 when MEPC bought Mr Hyams' company Oldham Estates in a hostile £530m deal.

"The wounds have not healed . . . he is a very bitter man," says Sir Christopher, although he professes to admire his critic.

The substance of the argument between Mr Hyams and Sir Christopher is one of corporate strategy and philosophy rather than personality. Mr Hyams' policy has always been one of ensuring security of income by letting to tenants of undoubted quality. While the value of this strategy has become apparent over the past three years, it is sometimes dubbed as an uncreative, "rent-collecting" approach. Indeed, Mr Hyams' refusal to take a more aggressive strategy in the redevelopment of his portfolio paved the way for MEPC's takeover of Oldham Estates.

MEPC, by contrast, believes in trying to add value to its buildings. "We want to take a building and do something to



improve it. If it is not improvable we sell it," says Sir Christopher.

The clash between these two cultures became apparent in Mr Hyams' objection to MEPC's sale last year of a 1960s Croydon office building that was let to the government. MEPC sold it because it thought that the building had no prospects for rental growth and the company wished to contain its borrowing. Mr Hyams said the disposal amounted to selling good assets in a weak market for short-term gain.

The difference of opinion over the sale of the Croydon site was not the first time that Sir Christopher has had to defend MEPC's strategy since he joined the board in 1974.

His early years at the company were spent travelling the world persuading banks to back MEPC, which had overextended itself. Much of his time was also taken up troubleshooting in continental Europe and Australia.

In the late 1970s, the company decided to expand its US portfolio, a decision which led to heavy losses when the Texas real estate market slumped in the early 1980s. "The timing was exquisitely wrong," admits Sir Christopher.

More recently, MEPC's development programme in the City of London has also come under fire from analysts. "The management's decision to expand in the City was clearly a major strategic error . . . While MEPC's financial management is very astute, the direction of its property activities seems to be badly flawed," said Salomon Brothers, the US investment house, in 1991.

The timing of MEPC's development programme in the City and high exposure to office markets in general were widely criticised

The timing of MEPC's development programme and high exposure to office markets in general were widely criticised and its share price badly underperformed for much of 1991 and 1992. Towards the end of last year, however, MEPC's shares were re-rated after the company showed that it had sharply reduced its vacancy rate and was able to maintain its dividend payment.

Perhaps the most important recent factor in improving MEPC's accident-prone image was the letting of a large part of Alban Gate, the MEPC development straddling London Wall which for a time looked like attracting the label of the City's largest white elephant. Alban Gate's fortunes revived last September when it signed up Chemical Bank as a tenant. The US bank had previously intended to move to Canary Wharf, the insolvent office project in the London docklands.

There is a certain irony in the fact that the recent success of Alban Gate has been at the cost of the docklands: Sir Christopher chaired the London Docklands Development Corporation from 1984 to 1988, a job for which he was awarded a knighthood.

The mid-1980s was a period of rapid expansion for the docklands and Canary Wharf was the region's most ambitious development. The period was also one in which the pace of development in the docklands ran well ahead of the area's infrastructure development and demand from tenants. Despite his deep involvement in the docklands, Sir Christopher views the mid-1980s period with a curious detachment. "I still have some difficulty with the speed of what happened," he says.

Sir Christopher's role at the LDDC prompted some City critics to suggest that he was spreading his time too thinly. Those criticisms and Sir Christopher's readiness to become involved in a host of companies continued after he gave up the managing directorship of MEPC in 1988. He took on the job of executive chairman of MEPC at the same time; this summer he takes his leave, to be succeeded by Lord Blakenham, chairman of Pearson (owner of the Financial Times).

Although Sir Chris is retiring from MEPC, he will remain active in the City. In 1990 he became chairman of the Housing Corporation, the quango which supervises housing associations, and chairman of Boots, the UK chemist. He is also vice-chairman of Sun Alliance, the insurance company where he is tipped to become chairman.

Russian contractor likely for Siberian copper project

By Leyla Boulton in Moscow

RUSSIA'S BIGGEST copper deposit, at Udokan in eastern Siberia, is expected to be awarded on Monday to a group of Russian enterprises as part of the government's attempts to help its ailing industrial plants find new business.

Only two companies finally submitted proposals in an international tender to draw up a feasibility study for the project after six large western mining companies dropped out of the race citing either a lack of time to prepare properly or complaining about the content of the copper.

The two remaining contenders were Australia's BHP and the Udokan Mining Company, which is considered the Russian participant in spite of being half-owned by two little known foreign companies.

UMC is backed by a group of Russian industrial plants which want to provide the equipment for the $1bn development. It is almost certain to win, given the Russian government's desire to help factories switch from military production to civilan output and a market system.

UMC's lack of experience of a big mining project is being compensated for by advice from Fluor Daniel, the San Francisco-based mining consultancy, which has already submitted a detailed feasibility study for the project.

Under Fluor Daniel's proposals, the project would be financed through a combination of fund-raising by a New York investment bank, copper concentrate sales to China, and export credit guarantees to finance imports of machinery from the West.

Under the terms of a tentative contract, UMC has arranged to sell 200,000 tonnes of concentrate from the mine, once it comes on stream around 1997, to China's National Non-Ferrous Metals Company. Under the 25-year agreement, China, which is connected to Udokan by the Baikul-Amur Railway, would in turn dispatch the concentrate to smelters which it will build specially to cope with the concentrate's high sulphur content. The resulting copper would then be used within China or re-exported.

In keeping with UMC's original purpose, the bulk of equipment to build the mine and accompanying infrastructure is to be produced by more than a dozen Russian companies plus Belaz, the Belorussian vehicles producer, all grouped in a consortium led by Uralmash, the Urals heavy engineering plant.

The tender committee was due to produce its recommendations on the competing proposals today, leaving the final decision to be taken by the Russian president and government. The winner is expected to be announced on Monday.

Oil prices sheltered from a turbulent week

High output has countered the effects of gales and air strikes, says Deborah Hargreaves

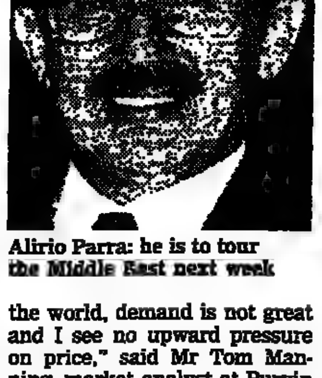
TWO YEARS ago the threat of air strikes against Iraq was driving oil prices to the highest level for years, but the market barely batted an eyelid after this week's raids against Saddam Hussein's missile sites. Even several days' of production disruptions in the North Sea, with severe gales preventing tankers from loading, has failed to lift prices for Brent crude.

The fact that both developments had little or no effect on world prices underlined the weakness of the market, which is primarily a result of overproduction by the Organisation of Petroleum Exporting Countries. At the same time, Iraq is banned by United Nations' sanctions from exporting oil and tension between Washington and Baghdad constitutes no short-term threat to oil supplies.

Prices for North Sea Brent crude edged upwards yesterday but traders are not expecting substantial gains: oil product stocks are high, Opec shows no signs of staunching the flow of oil to the market and demand remains depressed.

Persistently high output has caused prices to slide by about $1 a barrel from the already low level which ruled at the beginning of the year, and several analysts are forecasting a further decline to $16 a barrel before the mid-February Opec meeting.

"There is still plenty of oil in the world, demand is not great and I see no upward pressure on price," said Mr Tom Manning, market analyst at Purvin and Gertz, the Houston-based consultants.



Alirio Parra: he is to tour the Middle East next week

The International Energy Agency, the west's oil monitoring body, expects world demand for oil to rise by just 1 per cent this year, or 600,000 barrels a day to 67.6m b/d. But even this modest pick-up in consumption is not expected to materialise until the second half of the year as world economic activity increases.

Oil companies have built up their stocks of crude oil and products significantly and are not selling them off as quickly as they usually do at this time of year, chiefly because the weather in North America and Europe has not been as cold as usual. The American Petroleum Institute reported late on Tuesday that US stocks of gasoline had increased by more than 5m barrels in the previous week.

Although some refineries in the US have trimmed production rates, this has not been enough to soak up high product inventories.

By cutting output Opec could throw support under current low oil prices, but the organisation is yet to show much political will for this. Mr Alirio Parra, Venezuela's minister of energy and mines and Opec's current president, is to embark on a tour of the Middle East next week in a bid to build consensus for a cut in production.

He is unlikely to be successful unless prices fall far enough to concentrate producers' minds and many Opec watchers believe prices will have to decline by at least another $1 a barrel to galvanise member countries into taking action.

Mr Vahan Zanoyan, senior director of the Petroleum Finance Company, a Washington consultancy, believes the call on Opec oil will fall d from around 25m b/d by at least 2m b/in the second quarter which is in line with Opec's own forecast of 23.45m b/d. "But there is a complicated process at work in cutting output because countries are simultaneously battling for market share," he said.

Opec members have steadfastly ignored November's production agreement, which called for cuts in output to a ceiling of 24.58m b/d, and actual production has totalled over 25m b/d. Big producers are struggling to maximise market share, which improves their clout within the organisation.

Saudi Arabia and Iran hold the key to a production deal as they pump the most oil. But traders at leading international oil companies say they have already booked their oil purchases from the two producers for February and are even buying March oil from Iran.

Saudi Arabia's scheduled sales point to a production rate of 8.4m b/d in February, indicating a slight reduction since the kingdom's share of oil output in the neutral zone – between Saudi Arabia and Kuwait – will be shut in for maintenance work. This implies a slight cut of about 150,000 b/d from January's production.

Iran's sales programme points to a rate of 3.5m to 3.6m b/d – little or no reduction from current levels.

Mr Joe Stanislaw, market watcher at Cambridge Energy Research Associates has blamed the current tension in the market on a "triangle of contention". This includes Kuwait's rapid production rebound, uncertainty over Iraq's resumption of exports and underlying competition between Saudi Arabia and Iran over market share, Opec leadership and, ultimately, regional pre-eminence.

The bombing of Iraq will presumably extend the United Nations' ban on Iraqi exports of oil – giving Opec a breathing space on that score. But the governments in Riyadh and Tehran still need to agree on cuts and on a way to curb Kuwait's growing output.

On top of the immediate imperatives, Opec nations are all lifting capacity faster than demand is rising. A report by the Centre for Global Energy Studies in London estimates Opec capacity will rise by 2.7m b/d this year excluding Iraq. The report warns that Opec must exercise restraint if it is to see prices rise.

Falling production from the former Soviet Union has, in the past, given Opec room to manoeuvre on capacity increases. Production from the Commonwealth of Independent States dropped last year to 9m b/d from 10.4m b/d in 1991, according to the IEA. That decline should stabilise slightly this year, but the body still expects output to fall to 8m b/d.

Opec nations are aware of the need to give the market a clear signal that they are prepared to make some production cutbacks in the second quarter. But if prices stabilise at today's levels, the political will to trim output will not be as great. The more prices fall, the more likely Opec is to cut.

Iron ore groups in Australia and Brazil cut prices to EC, Japan

By Bill Hinchberger in Sao Paulo and Kenneth Gooding in London

IRON ORE producers in Brazil and Australia have been forced for the second successive year to cut prices at the end of the annual round of contract talks with steel customers in Europe and Japan.

Companhia Vale do Rio Doce, the Brazilian state-controlled company that is the world's leading exporter of iron ore, has cut the price of its exports to German steel producers by 10 to 12 per cent.

CVRD suggested this would set the pattern for its prices for the rest of Europe – where Germany is the group's biggest customer – and for agreements with Japanese and South Korean steel companies when contracts were renegotiated in April and May.

Following CVRD's lead, Hamersley Iron of Australia, owned by CRA, cut 11 per cent from the prices of fines ore for delivery to Japanese steel mills and 9 per cent from lump ore.

Robe River, part of North Broken Hill, another Australian natural resources group, agreed a cut of 12.79 per cent with its Japanese customers.

CVRD revealed that the German accord contained a price reduction for pellets to $28 a tonne, down from $31. High grade sinter material from the Carajas site, will go for $18.15 per tonne instead of the previous $20.65 while southern sinter will be priced at $16.90 a tonne, down from $19.

A CVRD official noted that the price reductions marked the continuation of a trend dating from last year, when prices fell by 7 per cent for pellets and by nearly 5 per cent for sinter. Lower demand, reflecting the world recession and its manifestations in the steel sector, is primarily responsible for the price falls, which reversed an upward trend that had started in 1989.

Germany consumes about 13 per cent of Brazilian exports, roughly the same as South Korea. Japan is the most important market for CVRD's iron ore.

CVRD's output of iron ore declined last year to 86.8m tonnes, of which 60.4m was exported. In 1991, the company produced 93.6m tonnes, of which 66.8m tonnes was shipped abroad.

Mr Rod Kinkead-Weekes, Hamersley's managing director for sales and marketing said: "Since 1988 the same fines price changes have applied to Australia and Brazil and to have departed from the 11 to 12 per cent price cuts already agreed by the Brazilians in Europe would have compromised our competitiveness." He said Hamersley was likely to ship more iron ore to Japan than in 1992 since Japanese crude steel production was expected to rise slightly.

Trinidad to gain $60m iron carbide plant

By Canute James in Kingston, Jamaica

A US company is building a $60m plant in Trinidad to produce iron carbide from iron ore imported from Brazil.

The Nucor Corporation of North Carolina says the plant will produce 320,000 tonnes of iron carbide per year, and that the material will be exported to the US for use in the company's steel mills.

Construction of the plant will begin in the first quarter of this year, with production scheduled to start in the last quarter of next year. Nucor says the Trinidad plant will be the first to use the company's patented process to convert iron ore into iron carbide using natural gas.

The iron carbide plant will be fired by locally produced natural gas, and will be located at the Point Lisas industrial complex in south central Trinidad.

Aid pledge to US farmers

By Nancy Dunne in Washington

MR MIKE Espy, the nominee for agriculture secretary in the Clinton administration, yesterday vowed to continue export promotion and subsidies to ensure that US farmers could "compete on a fair and equal basis" with the European Community.

Speaking at his confirmation hearing before the Senate agriculture committee, he pointed to a record of six years in the House of Representatives where he supported programmes to boost US exports. The US, he said, must let its trading partners know "we will not be pushed around".

The tough talk could not but gratify the senators. Mr Espy, the first agriculture secretary from the south, proved equally pleasing with his promise to continue the restructuring and streamlining of the $62bn-a-year US department of agriculture "from top to bottom". Unlike his predecessor, who was planning to consolidate field offices, he would begin the reforms in Washington.

In a sometimes impassioned opening statement, Mr Espy promised to support farmer income (without saying whether or not he would raise price supports) and the poor and the "dying" small towns of America. "Hungry children don't just exist in Somalia," he said.

He won a rare round of applause from the onlookers. "This may be the best time you'll ever have up here," Senator Robert Dole, the Republican minority leader, warned.

The mood of jocularity evaporated when Mr Espy was asked about irregularities found in the book-keeping of his election campaign for the House of Representatives. "This has caused me the most grief," the nominee said, beginning a halting explanation of how his brother, Tom, had kept his books; Tom was not an accountant but "just a brother"; and the Justice Department had cleared him of wrongdoing.

Senator Richard Lugar, an Indiana Republican, seemed to accept the explanation, but admonished the nominee to appoint a strong, skilled administration team, so he could "avoid being blindsided".

It was a day of warnings. Senator Ken Conrad, a North Dakota Democrat, cautioned him that he was entering "a cauldron" of competing interests – involving those who wanted higher domestic prices and those who wanted to raise the volume of exports.

"Mr Espy will come under pressure from those opposed to export-oriented farm policy," Senator Lugar said.

"Policy changes that result in reduced exports, such as higher loan rates, the abandonment of meaningful Gatt discussions or failure to ratify the North American Free Trade Agreement would be a grave error."

As expected, Mr Leland Swenson, president of the National Farmers Union, which is endorsed by Mr Espy, urged higher loan rates.

Rubber suppliers threaten restrictions to lift prices

By Kieran Cooke in Kuala Lumpur

RUBBER producing countries are threatening to restrict supplies if consumer nations are unable to agree on a new international rubber pact.

They may be forced to impose restictions in an effort to lift prices, the Association of Natural Rubber Producing Countries said at the end of a meeting in Hatyai, Thailand.

The ANRPC groups Indonesia, Thailand, Malaysia, Sri Lanka, India, Papua New Guinea and Singapore, which together account for about 80 per cent of the world's natural rubber output.

It accuses the consumer countries of delaying attempts to negotiate a new international rubber agreement (INRA). The current pact expires at the end of this year, though it can be extended, by agreement, by up to two years.

Mr Sucharit Promdej, the ANRPC's secretary general, said the ANRPC was preparing to revive a 1976 price stabilisation agreement between the main producer countries. This would impose production and export restraints and provide financial resources for the operations of the producers' own buffer stock.

Mr Sucharit said producers would meet in Sri Lanka next month to update the rules of the 1976 agreement. "An extension of INRA is unacceptable, at least not without a prior commitment from consumer countries to renegotiate," said Mr Sucharit.

At present most of the world's natural rubber industry is overseen by the International Natural Rubber Organisation (INRO), which groups both producers and consumers. The INRO buffer stock manager has stockpiled more than 160,000 tonnes of natural rubber over the past three years in an attempt to stabilise prices.

At the end of the month INRO is due to decide whether to cut its buffer stock reference price because of low prices.

WORLD COMMODITIES PRICES

MARKET REPORT

The **GOLD** price moved higher in early trading at the London bullion market yesterday in a somewhat confused response to news of heavy sales from Dutch reserves. But after being fixed at $328.20 a troy ounce in the morning the price headed back towards recent the seven-year low as central bank lending "pushed the market back into perspective", in the words of one trader. It was fixed in the afternoon at $327.65 an ounce and closed at $327.65, up 10 cents on the day. In an otherwise quiet day at the London Metal Exchange **ZINC** prices moved up quite sharply in relatively light trading. As traders covered earlier short sales the three months price moved up to a five-week high of $1,101 a tonne, but by the close it was a back to $1,195.75, up $21 on the day, and it lost more ground in after-hours trading. The slide in **NICKEL** prices continued as investment fund selling pushed the three months price down another $117.50 to $$5,905 a tonne. At the London Futures and Options Exchange **COCOA** prices continued to edge higher amid chart-inspired buying.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$15 05-5.10	
Brent Blend (dated)	$16.90-7 00	+.075
Brent Blend (Mar)	$17.30-7.35	
W.T.I (1 pm est)	$18.55-8.60	

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$163-165	
Gas Oil	$169-170	-2
Heavy Fuel Oil	$71-73	-1
Naphtha	$177-179	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$327.55	+0.1
Silver (per troy oz)♣	368.5c	+1
Platinum (per troy oz)	$358.75	+2.5
Palladium (per troy oz)	$110	
Copper (US Producer)	110 0c	
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	14.81r	+0.01
Tin (New York)	270.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	118.17p	+0.36*
Sheep (live weight)†♣	89.19p	-1.36*
Pigs (live weight)†	79.37p	-0.84*
London daily sugar (raw)	$213.2	-2.8
London daily sugar (white)	$254.0	-0.6
Tate and Lyle export price	£247.0	-1.5
Barley (English feed)	£134.5	+0.6
Maize (US No. 3 yellow)	£181.0	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	64.25p	+0.25
Rubber (Mar)♥	64.75p	+0.25
Rubber (KL RSS No 1 Jan)	234m	+2
Coconut oil (Philippines)§	$457.5	
Palm Oil (Malaysian)§	$410z	
Copra (Philippines)§	$282.5	-2.5
Soyabeans (US)	£173.5	-1
Cotton "A" index	57 05c	
Woottops (64s Super)	380p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg y-Mar/Apr u-Feb. x-Aug w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	191.80	190.00	188.20
White	**Close**	**Previous**	**High/Low**
Mar	253.80	251.50	254.00 252.00
May	254.00	252.40	254.20 252.30
Aug	258.90	257.40	258.70 257.50
Oct	246.90	245.00	246.30 245.00

Turnover: Raw 7 (29) lots of 50 tonnes. White 804 (956) Paris- White (FFr per tonne): Mar 1406.44 May 1427.62

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Feb	17.19	17.06	17.20 16.99
Mar	17.36	17.20	17.40 17 16
Apr	17.46	17.36	17.54 17.31
May	17.60	17.53	17.64 17.48
Jun	17.72	17.57	17.79 17.56
Jul	17.83	17.68	17.90 17.68
IPE Index	17.11	17.27	

Turnover 34200 (62500)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	165.00	165.50	165.25 162.50
Mar	164.00	165.50	165.25 162.00
Apr	163.75	164.75	165.00 162.25
May	163.50	164.50	164.50 162.75
Jun	163.50	164.25	165.00 162.75
Jul	167.00	167 00	167.00 166.00

Turnover 10949 (16811) lots of 100 tonnes

FRUIT & VEGETABLES

Kiwifruit at 15-20p each (15-20p) is a good fruit buy along with whitefleshed grapefruit at 20-25p each (22-28p) reports the FFVIB. Apple varieties remain plentiful with English Cox priced at 35-45p a lb (25-35p) and English Bramley cooking apples at 28-35p a lb (28-35p). Brussel sprouts at 25-30p a lb (30-40p), carrots at 18-20p a lb (18-20p) and broccoli at 50-60p per 8oz prepack (50-60p) are all good vegetable buys. Large heads of celery at 55-65p a head (55-65p), tomatoes at 60-85p a lb (60-70p) and round lettuce at 35-40p a head (35-40p) are star salad buys.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	714	706	715 702
May	726	719	729 716
Jul	741	732	741 728
Sep	754	747	755 744
Dec	774	767	775 765
Mar	785	780	796 783
May	809	806	810 803
Sep	835	832	840 838

Turnover: 4895 (17530) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Jan 13 765.23 (752.80) 10 day average for Jan 12 743.70 (740.68)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	1014	1005	1019 995
Mar	994	987	999 981
May	969	975	981 964
Jul	960	966	973 955
Sep	968	972	979 967
Nov	976	976	976

Turnover:4473 (6622) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Jan 13: Comp. daily 61.54 (60.40) 15 day average 62.55 (62.88)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	62.0	61.5	62.5 61.6

Turnover 11 (37) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	-	150.00	

Turnover 0 (20) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jan	1281	1280	1290 1281
Feb	1276	1250	1285 1255
Mar	1280	1255	1280 1260
Apr	1277	1270	1280 1275
Jul	1145	-	1145
Oct	1330	-	1330
Jan	1350	-	1350
BFI	1300	1302	

Turnover 135 (87

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	137.30	136.50	137.30 136.75
May	139.30	138 30	139.30 138.80
Jun	139.85	-	139.85
Barley	**Close**	**Previous**	**High/Low**
Jan	131.00	130.50	131.00 130.85
Mar	132.75	132.50	132.75 132.50

Turnover: Wheat 217 (121). Barley 53 (57) Turnover lots of 100 Tonnes

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	103.5	104.0	103 0
Feb	102.0	101 0	101.5
Mar	103.0	102.5	103.0 102.8
Apr	103.0	102.5	103.0
May	103.5	102.8	103.0
Jun	103.0	102.5	102.8 102.8

Turnover:28 (4) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 34,422 lots	
Cash	1215.5-6.5	1223-4	1223/1223	1223-3.5		
3 months	1237 5-8.0	1245-6	1247/1237	1244-4 5	1235-6.5	179,603 lots
Copper, Grade A (£ per tonne)					Total daily turnover 42,532 lots	
Cash	1438.5-9 5	1440-1		1430-1		
3 months	1456-7	1457-8	1457/1448	1447-7.5	1455-6	188,496 lots
Lead (£ per tonne)					Total daily turnover 3,487 lots	
Cash	283.5-4.5	283-4	281.5/281.5	281.5-2.0		
3 months	294-5	283.5-4.5	295/291	291.5-2.0	294-5	19,477 lots
Nickel ($ per tonne)					Total daily turnover 12,082 lots	
Cash	5830-40	5950-60	[illegible]	5920-30		
3 months	5900-10	6020-5	6030/5850	5900-10	5836-40	41,610 lots
Tin ($ per tonne)					Total daily turnover 1,281 lots	
Cash	5840-50	5825-35		5840-5		
3 months	5900-10	5890-5	5915/5890	5900-10	5905-10	81,254 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 12,447 lots	
Cash	1076-7	1056.5-7.5	1074/1074	1074-4.5		
3 months	1095.5-6.0	1074.5-5.0	1103/1086	1090-1	1089-90	70,223 lots

LME Closing £/$ rate: SPOT: 1.5375 3 months: 1.5253 6 months: 1.5166 9 months: 1.5060

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	327.40-327.70	
Opening	327.80-328.30	
Morning fix	328.20	212.979
Afternoon fix	327.65	212.526
Day's high	328.50-328.80	
Day's low	327.00-327.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	0.56	6 months	1.73
2 months	0.62	12 months	2.04
3 months	0.99		

Silver fix	p/troy oz	US cts equiv
Spot	239.55	369.15
3 months	243.45	371.95
6 months	247.10	374.90
12 months	254.90	383.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	328.00-331.00	212.00-214.00
Maple leaf	338.90-339.10	-
New Sovereign	78.00-81.00	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1200	31	69	8	21
1250	7	40	33	42
1300	1	21	78	73
Copper (Grade A)	**Calls**		**Puts**	
2100	123	144	5	28
2200	48	82	31	65
2300	11	41	94	122
Coffee	**Mar**	**May**	**Mar**	**May**
950	58	61	14	43
1000	29	40	35	72
1050	13	26	69	108
Cocoa	**Mar**	**May**	**Mar**	**May**
650	66	86	4	8
675	49	67	10	14
700	32	50	18	22
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1700			30	26
1750		18		46
1800	10	13	10	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	327.3	327.5	0	0
Feb	327.3	327 6	328.5	326.9
Mar	327.8	328.1	328.4	328.4
Apr	328.3	328.6	329.4	328.0
Jun	329.5	329.8	330.5	329.1
Aug	330.9	331.2	331.5	330.7
Oct	332.5	332.8	0	0
Dec	334 1	334.5	335.5	335.5
Feb	336.1	336.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	356.9	357.4	361.5	359.0
Apr	355.4	355.9	359.5	355.0
Jul	353.2	353.9	357 0	352.5
Oct	351.9	352.9	0	0
Jan	350.9	351.9	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	365.9	368.1	366.0	366.0
Feb	366.8	368.6	0	0
Mar	367.5	369.7	372.0	366.5
May	370.0	372.2	374.0	370.0
Jul	372.5	374.8	376.5	371.5
Sep	375.2	377 6	376.0	376.0
Dec	379.4	381.9	381 0	379.0
Jan	380.6	383.1	0	0
Mar	384.1	386.6	0	0
May	387.5	390.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	98.35	97.80	98.50	97.85
Feb	98.60	98.25	98.65	98.45
Mar	99.00	98.65	99.30	98.45
Apr	99.15	98.75	99.25	99.15
May	99.30	99.00	99.70	99.00
Jun	99.40	99.10	0	0
Jul	99.50	99.20	99.90	99.20
Aug	99.60	99.40	0	0
Sep	99.70	99.60	100.00	99.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	18.59	18.50	18.65	18.45
Mar	18.75	18.69	18.84	18.64
Apr	18.89	18.87	18.99	18.82
May	19.04	19.03	19.12	18.95
Jun	19.20	19.16	19.25	19.14
Jul	19.26	19.25	19.35	19.25
Aug	19.30	19.30	0	0
Sep	19.43	19.35	19.43	19.35
Oct	19.39	19 39	0	0
Nov	19.41	19.41	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	52.90	52.46	53.20	52.40
Mar	53.25	52.86	53.50	52.90
Apr	53.35	53.16	53.55	53.10
May	52.80	52.74	53.10	52.60
Jun	52.80	52.67	53.05	52.80
Jul	53.05	53.00	53.30	53.00
Aug	53.85	53.70	54.00	53.85
Sep	55.15	54.90	55.15	55.15
Oct	55.85	55.85	0	0
Nov	56.75	56.75	0	0

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
Mar	993	995	1005	986
May	1013	1016	1027	1010
Jul	1032	1036	1046	1030
Sep	1052	1062	1067	1052
Dec	1079	1090	1095	1079
Mar	1115	1117	1124	1114
May	1135	1142	0	0
Jul	1150	1164	0	0
Sep	1174	1187	1162	1174
Dec	1225	1217	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	72.40	73.35	73.40	71.40
May	77.35	78.35	78.50	76.70
Jul	79.20	80.35	80.20	78.70
Sep	80.95	82.20	81.75	81.00
Dec	83.45	84.45	83.75	83.45
Mar	86.00	86.50	0	0
May	88.00	89.10	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.59	8.46	8.60	8.45
May	8.68	8.56	8.66	8.55
Jul	8.72	8.64	8.72	8.62
Oct	8.69	8.62	8.70	8.61
Mar	8.77	8.69	8.71	8.69
May	8.79	8.74	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	61.71	60.93	61.75	61.15
May	62.15	61.53	62.20	61.76
Jul	62.59	62.05	62.85	62.20
Oct	61.63	61.15	61.75	61.50
Dec	60.73	60.20	60.70	60.35
Mar	61.35	60.90	61.05	61.05
May	61.85	61.45	0	

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	80.05	78.65	80.80	80.05
Mar	82.35	80.65	82.50	81.00
May	84.75	83.00	84.75	83.70
Jul	86.80	85.00	87.00	86.25
Sep	87.55	86.55	88.30	88.00
Nov	86.65	86.05	89.00	88.00
Jan	88.30	87.55	89.00	88.25
Mar	89.05	87.55	90.00	90.00
May	90.05	90.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jan 14	Jan 13	mnth ago	yr ago
1714.6	1711.4	1657.1	1609.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 13	Jan 12	mnth ago	yr ago
Spot	123.62	123.73	121.92	114.12
Futures	122.94	123.11	120.99	121.91

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	577/6	582/6	586/0	577/4
Mar	578/0	584/0	588/6	577/4
May	582/2	587/4	590/4	581/4
Jul	586/6	593/0	595/2	586/2
Aug	588/2	593/6	596/2	588/0
Sep	588/0	592/0	593/0	588/0
Nov	592/0	596/2	598/2	592/0
Jan	600/0	603/2	605/0	600/0
Mar	607/4	611/0	611/0	607/0
Jul	612/0	615/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	21.37	21.81	21.77	21.35
Mar	21.55	21.95	21.90	21.53
May	21.77	22.18	22.08	21.75
Jul	21.98	22.42	22.25	21.95
Aug	21.98	22.40	22.28	21.98
Sep	22.00	22.40	22.28	22.00
Oct	22.00	22.35	22.08	22.00
Dec	22.02	22.46	22.30	22.02
Jan	22.05	22.45	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	183.8	184.9	186.5	183.7
Mar	182.9	183.4	185.3	182.7
May	182.7	182.9	184.8	182.6
Jul	183.9	184.2	185.6	183.8
Aug	184.3	184.7	186.3	184.3
Sep	185.2	185.7	187.0	185.1
Oct	186.0	186.0	188.5	186.0
Dec	187.3	187.8	189.5	187.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	217/4	218/4	219/2	217/2
May	225/2	226/0	226/6	225/0
Jul	232/0	232/6	233/2	231/4
Sep	237/2	237/2	238/2	237/0
Dec	242/2	242/2	243/0	242/0
Mar	249/0	248/6	249/4	249/0
May	253/6	253/4	253/6	253/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	379/2	375/2	380/4	376/4
May	357/6	354/6	358/4	355/6
Jul	333/0	331/2	334/0	330/0
Sep	337/2	336/0	338/4	335/4
Dec	348/0	346/0	348/0	345/4
Mar	350/0	349/0	350/0	347/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	79.625	80.075	80.200	79.475
Apr	78.575	78.950	78.950	78.375
Jun	73.575	73.975	73.975	73.475
Aug	71.925	72.275	72.300	71.800
Oct	72.450	72.875	72.875	72.400
Dec	72.800	73.400	73.250	72.800
Feb	79.625	80.075	80.200	79.475

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	44.000	43.950	44.150	43.625
Apr	43.650	43.650	43.900	43.200
Jun	48.325	48.250	48.450	47.850
Jul	47.700	47.875	47.850	47.400
Aug	46.425	46.500	46.450	45.950
Oct	42.350	42.450	42.350	42.100
Dec	43.400	43.350	43.400	43.250
Feb	43.275	43.350	0	43.250
Apr	42.150	42.075	42.275	42.150

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.975	38.450	38.400	37.350
Mar	38.450	38.850	38.800	37.950
May	39.700	40.175	40.100	39.150
Jul	40.000	40.750	40.550	39.700
Aug	39.000	39.800	39.600	38.700

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LONDON STOCK EXCHANGE

Rate cut hopes trigger market rally

By Steve Thompson

WIDESPREAD speculation around the markets of an imminent cut in UK interest rates, possibly after news of inflation numbers for December is announced this morning, led to a good rally in London's equity market.

It was additionally helped by the streadfast response of international markets to the allied strike against Iraq. Rumours of the latest military move swept London's dealing rooms on Wednesday, causing widespread unease throughout most European markets.

Dealers conceded, however, that the UK equity market, which has fallen well over 100 points in seven consecutive trading sessions in response to worries about gilts funding and the prospect of a flood of rights issues, was much happier after the immediate tension generated by the Gulf conflict had abated. The FT-SE 100 Index clawed back 13.9 at 2,759.2, while the Mid 250 Index settled 11.8 higher at 2,888.1.

There was an element of slight unease in London at the outset, when dealers fought shy of hoisting UK share prices because of Wall Street's unconvincing overnight showing.

A good opening by the Footsie future, however, and some persistent strong buying by domestic institutions, prompted by the UK interest rate cut hints, drove shares sharply higher. Buying of the FT-SE 100 stocks gathered momentum throughout a busy morning and lifted the index to a day's high of 2,771.3, up 26 points, by early afternoon.

The optimistic mood in London was quickly undermined during the afternoon, when Wall Street began to falter after an early modest rise. The US market was showing a fall of around four points as London closed and slipped further after hours.

There was concern in the market that this morning will bring the first of a series of rights issues. First National Finance, the troubled finance group, has conceded the need to raise capital, and a call of around £50m has long been forecast by the market. But other, and much bigger, cash calls are said to be in the pipeline.

Questioned about the possibility of a further reduction in UK interest rates in the short term, a top trader at one of the London merchant banks said he would not dismiss the thought, pointing out that "political pressure for such a move is growing all the time".

Official inflation numbers are due to be announced at 11.30 this morning, with the general consensus for year-on-year inflation put at 3.5 per cent, although there were suggestions among the more optimistic economic forecasters that the figure could be nearer to 3 per cent.

Others, however, continued to take the view that the authorities could be planning to keep rates at current levels until the UK Budget on March 16, when a reduction could be used to alleviate criticism of what may well be a tough Budget.

Around the sectors, oil shares came in for a further drubbing, with BP affected by a further series of profits downgrades, many of which emanated from US broking houses previously viewed as strongly supportive of the stock. US investors now speak for getting on for 22 per cent of BP shares.

Turnover in London totalled 617.6m shares, with Ft-SE 100 shares accounting for 243m shares and non-Footsie stock accounting for 374.5m shares.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	4	473		Comm. Union	1,200	613	+2	Lonrho	2,300	71	-1	Shell Transport	2,900	529	
ASDA Group	10,000	65¼	+1	Cookson	1,000	199	+4	Lucas	2,300	149		Siebe	1,700	443	+3
Abbey National	1,500	365	+3	Courtaulds	621	574	+1½	MB Caradon	2,200	300	+12	Slough Ests	1,300	153	+½
Albert Fisher	2,900	68	+3	Dalgety	1,000	484	+3	MEPC	1,600	320		Smith (W.H.) A	650	464	-2
Allied-Lyons	3,400	605	-1	De La Rue	283	677	+6	Manweb	351	505	-1	Smith & Nephew	6,100	157	+½
Amstrad	329	23		Dixons	4,600	227	+2	Marks & Spencer	8,600	316	+2	SmKl Beecham	3,400	478	+1
Anglian Water	719	492	+2	Eastern Elect.	632	434	+2	Midlands Elect.	312	478	+1	SmKl Beecham Uts	4,700	417	-1
Argos	500	257	-1	East Midland Elect.	1,000	495	+3	Morrison (Wm.)	562	167	+1	Smiths Inds.	1,900	376	+2
Argyll Group	1,200	333	+3	Eng China Clays	1,500	459	+3	NFC	1,000	282	+1	Southern Elect.	656	445	-2
Arjo Wiggins	980	151	+1	Enterprise Oil	268	405	-4	NatWest Bank	8,500	409	+1	South Wales Elect.	1,000	523	-6
Ass. Brit. Foods	474	503	+1	Eurotunnel Units	434	377	+22	National Power	2,700	292½	+9½	South West Water	150	456	+4
Ass. Brit. Ports	311	361	+1	FKI	697	110	+2	Next	3,800	149½	-4½	South West. Elect.	474	458	+1
BAA	1,800	757	+14	Fisons	3,700	235	-3	North West Water	1,800	477	+2	Southern Water	558	470	+2
BAT Inds.	1,100	978	+4	Forte	2,200	184	+9	Northern Elect.	138	485	-2	Standard Chartd	381	685	-1
BET	1,400	97	+3	Gen. Accident	953	556	+1	Northern Foods	1,200	270		Storehouse	1,100	207	-3
BICC	837	338	+3	General Elec.	7,200	270½	+3½	Norweb	381	430	+1	Sun Alliance	1,400	343	+5
BOC	1,200	746	+8	Glaxo	4,500	714	-10	Pearson	441	384	+5	T&N	1,600	173	+6
BP	7,300	232½	-6	Glynwed Int.	66	249	+4	P & O	827	518	+8	TI Group	1,400	309	+8
BPB Inds.	1,100	188	+1	Granada	1,100	359	-2	Pilkington	2,800	109	+1	TSB	17,000	156	+9¼
BT	3,100	395½	-½	Grand Met.	2,400	423	-1	PowerGen	3,300	294	+8	Tarmac	2,800	108½	-½
BT New	3,200	280½	-½	GUS A	214	1825	+19	Prudential	5,300	287	+3½	Tate & Lyle	3,000	412	+2
BTR	4,400	547	+2½	GRE	319	188		RMC	785	574	+7	Taylor Woodrow	1,600	71	+2
Bank of Scotland	3,700	123	+4	GKN	2,200	458	-7	RTZ	983	650	+14	Tesco	2,500	265	+1
Barclays	3,000	374	+7	Guinness	4,200	487		Racal	664	172	+1	Thames Water	517	462	+1
Bass	845	586	+8	HSBC (75p shs)	3,100	526	+4½	Rank Org.	4,900	695	-9	Thorn EMI	509	858	+9
Beresford Int.	581	24	-½	Hammerson 'A'	5	262		Reckitt & Colman	882	639	-1	Tomkins	5,900	249	+3
Blue Circle	2,300	186	+1	Hanson	7,300	240	+1½	Redland	1,700	425	+8	Trafalgar House	1,300	83½	+2½
Booker	250	415		Hanson Warrants	5,300	26¼	+½	Reed Intl.	641	632	+8	Unigate	825	319	+1
Boots	2,100	503	+5	Harrisons Crosfield	1,200	184	+4	Rentokil	233	214	+3	Unilever	1,000	1082	+8
Bowater	784	483	+5	Hillsdown	3,200	144	+1	Reuters	358	1370	+9	United Biscuits	2,400	359	-9
Brit. Aerospace	3,500	177	+7	IMI	642	291	+3	Rolls Royce	4,600	110	+4	Utd. Newspapers	345	500	+1
British Airways	7,100	274½	+7½	ICI	1,300	1093	+20	Rothmans	615	621	+8	Vodafone	2,000	409	+10
British Gas	4,100	277		Inchcape	1,400	560	-4	Ryl Bk Scotland	1,900	212		Warburg (SG)	54	566	+6
British Land	1,100	183	+1	Kingfisher	980	568	+4	Royal Insurance	3,000	277	-1	Wellcome	1,000	924	+13
British Steel	8,800	62	+2	Kwik Save	12	792	+6	Saatchi	101	173	-1	Welsh Water	733	529	+2
Bunzl	58	123	+1	Ladbroke	2,200	189	+1	Sainsbury	880	560	+4	Wessex Water	717	525	+2
Burmah Castrol	270	665	+8	Land Securities	615	458	-5	Scottish & New.	684	436	-2	Whitbread 'A'	1,500	465	-1
Burton	6,300	72	-3½	Laporte	1,600	615	+13	Scot. Hydro-Elect.	324	244	-1	Williams Hldgs.	670	334	+2
Cable & Wire.	1,700	697	+5	Legal & General	759	435	+7	Scottish Power	2,000	239		Willis Corroon	1,600	181	-1
Cadbury Schweppes	1,800	452	+3	Lloyds Abbey	2,800	424	+8	Sears	687	98		Wimpey	585	118	+3
Calor Group	9	227	+3	Lloyds Bank	2,000	511	+6	Sedgwick	1,000	171	+1	Wolseley	1,900	540	
Carlton Comms	1,100	802	+15	LASMO	1,300	146		Seaboard	102	470	-2	Yorkshire Elect.	665	485	
Coats Viyella	2,600	216		London Elect.	534	458	-4	Severn Trent Water	1,800	462	+4	Yorkshire Water	838	528	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Jan 4	Jan 18	Feb 1
Option Declarations:		
Jan 14	Jan 28	Feb 11
Last Dealings:		
Jan 15	Jan 29	Feb 12
Account Day:		
Jan 25	Feb 8	Feb 22

*New time dealings may take place from 8.30am two business days earlier.

Results give lift to TSB

IMPROVED operating results for TSB and a return to profits at the pre-tax level gave cheer to the market. The shares rose 9¼ to 156p and were the most heavily traded of the day with more than 17m dealt. However, many analysts were not convinced and one described the results as "appalling figures".

Mr Michael Lever of Smith New Court, historically a leading bear on the stock said; "The bottom line is that the profits before bad debt provisions were better than expected." However, he added: "They have presented the figures in a light which shows operating profits more generously than I would." The Bank has long been seen as a takeover target and that sentiment was also behind the share price strength yesterday.

The bank returned to profits in 1992, with a result of £43m after a £597m charge for bad debts. This compared with last year's £47m loss.

However, several banking experts argued that taking a £38m expenses charge below the line flattered the expenses figure, while the recovery was partly fuelled by a £22m gilts sale. NatWest Securities cut its forecast for 1993 by £60m to £190m.

UB rights fears

Rights issue fears swirled around United Biscuits after the Spanish food group Tabacalera was reported as saying that the UK company was interested in one of its subsidiaries, Grupo Royal Brands. The story, which appeared yesterday in the Spanish press, caused some consternation among London analysts anxious about the highly geared UB committing itself to a purchase in the region of £200m.

However, UB was yesterday downplaying the reports and analysts later suggested that Tabacalera may be trying to initiate an auction, having already been offered a reported Esp17bn for a 50 per cent stake in Royal Brands by Nabisco. French group BSN is also said to have been approached by Tabacalera. While UB may only be sizing up Royal Brands' biscuit operations, analysts remained cautious about any further financial commitment from the group.

Last week it bought the snack food interests of CCA Group in Australia for £47m, and paid £195.5m in November for the Bake-Line cookie group in the US. The latter deal was funded with an £80m share issue. Mr Carl Short at Nomura said: "UB already has enough balls in the air, and with 90 per cent gearing it is not an easy juggling act." UB declined 9 to 359p.

US selling hits BP

Oil stocks were weak, reacting to continuing pressure on crude oil prices. BP was further affected by forecast downgrades. Dealers said US investment bank Goldman Sachs and UK merchant bank Kleinwort Benson had both followed the lead taken by Morgan Stanley on Wednesday. Also, Strauss Turnbull's Mr John Toalster, a BP superbear, sent out an oil review which argued that prices would remain under pressure in 1993. He added that there was up to 60p of downside in BP's share price. Mr Toalster said there was sizeable US selling but it was too early to pinpoint a full-scale change of heart among US investors, who are traditionally keen on BP.

The shares fell 5 to 232½p. Enterprise dropped 4 to 405p. Shell Transport and Lasmo failed to benefit from the market strength remaining unchanged at 529p and 146p respectively.

Big turnover in MFI

A large seller in MFI Furniture Group sent the shares falling and took turnover to 15m, prompting some nervous speculation over the group's results due at the end of the month. Smith New Court was said to have sold a block of 3m at 130p, with blocks of 2.7m at 131p and 1.7m at 131¼p also being recorded on the Seaq ticker. MFI came to the market in July at 115p and had been a strong performer in December. However, recent talk that the revival in retail sales may be patchy, including the Boots warning over its DIY business, may have contributed to one investor's decision to take profits and jump ship. The shares closed 3 adrift at 132p.

Bear raiders were out in force on Allied-Lyons as talk circulated that the drinks group would make a rights issue to fund an acquisition. This was followed by another rumour that the company would be shortly making a negative trading statement. Both were dismissed by analysts but not before the shares were sent into retreat, although they later rallied to close just a penny off at 605p. Turnover was an above-average 3.4m.

Full-year results from Rank Organisation came in at the lower end of expectations and did nothing to dispel the caution surrounding the group's shares. The company said it expected flat UK sales, although trading in the US was picking up and this cheered some in the market. However, weak trading is expected from Xerox, Rank's part-owned subsidiary, and was the main factor in most analysts reducing their forecasts to a range of £250-£280m.

The shares fell 9 to 695p. Hoare Govett and NatWest Securities were advising clients to switch into Thorn EMI, 9 better at 858p, with NatWest also preferring Ladbroke, ahead a penny at 189p.

ICI recovered with some help from an upgrade by US stockbroker Paine Webber. The house analyst said he had a "high level of confidence" that ICI's board would approve the spin-off of its Zeneca drug company, which would allow management to cut out "unnecessary layers of costs." ICI shares lifted 20 to 1093p.

Industrial gases and healthcare group BOC were 16 higher in early trading following a recommendation by NatWest Securities ahead of the company's annual meeting. However, there was no significant good news at the meeting and the rise was trimmed to a net gain of 8 at 746p.

Glaxo fell 10 to 714p as some technical analysts argued that the shares should head lower after breaking below support at 750p last week. Analysts project losses down to about 675p initially, with medium-term risk down to 637 to 624 pence.

Wellcome was 27 up at one stage helped by a large buy order. There was also talk of an imminent article that would be positive for the drug group, but no details developed and the shares ticked back to close 13 higher at 924p.

Royal Insurance fell a penny to 277p as US credit rating agency Standard & Poor's lowered its claims paying ability on Royal. S&P believes Royal's operating performance will remain weak in the short term due to mortgage indemnity losses and mediocre results at subsidiaries.

Reports that British Aerospace would soon sign a joint venture deal with Taiwan Aerospace to manufacture and develop regional aircraft led to strong demand for the stock. The shares jumped 7 to 177p, in trade of 3.5m.

Mr Brian Newman at Henderson Crosthwaite who made it his 'stock of the year' said: "The joint venture will stem the black hole in regional aircraft activities and enable the company to redevelop some of the provisions elsewhere.

The clashes in the Gulf led to demand for several defence related stocks, including Rolls-Royce which bounced 4 to 110p, while Vosper Thornycroft added 7 to 475p. Good buying from a regional broker helped boost Alvis and the shares firmed 4 to 23p.

Plans to raise prices at British Steel saw the shares add 2 to 60p, with volume reaching 6.8m. A squeeze in Johnson Group caused the shares to jump 35 to 734p.

In motors, profit-taking at GKN left the shares 7 lighter at 458p, but yield buyers were seen in T and N where the shares gained 5 to 173p.

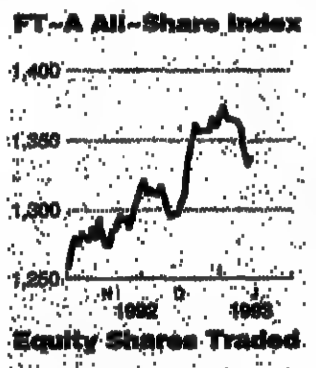
Bid speculation returned to Gestetner sending the shares climbing 10 to 152p.

There was renewed strong support for Treatt, the USM-quoted aromatic oils manufacturer which announced an 8 per cent jump in preliminary profits earlier this week, with the shares closing a further 10 higher at 128p.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

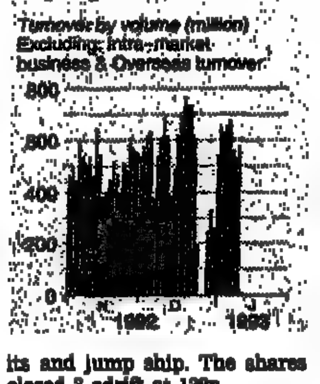
■ Other market statistics, Page 20

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (98).
AMERICANS (1) Time Warner, BUILDING MATERIALS (1) Kalon, BUSINESS SERVICES (7) BPP, Barbour Index, Brit. Data Man., Chubb Sec., Johnson Cleaners, Rentokil, Serco, CHEMICALS (3) Euro. Colour, Evode, Do. Pf., CONGLOMERATES (1) Bodycote, CONTRACTING & CONSTRUCTION (1) NSM, ELECTRICALS (5) Denmans, Jones Stroud, Kenwood Appliances, Motorola, Neotronics, ELECTRICITY (5) Eastern, Natl. Power, Norweb, Seeboard, Southern, ELECTRONICS (6) Blick, Cray, Indl. Control Srvs., Kode, Macro 4, ENGINEERING GENERAL (3) Concentric, Rotork, Vosper, HEALTH & HOUSEHOLD (5) Amersham, Seton Healthcare, Takare, Tamaris, UniChem, HOTELS & LEISURE (1) Manchester Utd., INSURANCE COMPOSITE (1) Hibernian, INSURANCE LIFE (2) Liberty Life Assoc., Transatlantic, INVESTMENT TRUSTS (11) City of Oxford Zero Pf., Contra-Cyclical Zero Div Pf., Drayton Blue Chip Zero Pf., Drayton Recvy. Ptd. Gwth., EFM Dragon Wrrts., EFM Inc. Zero Div. Pf., Fleming Emrg. Mkts. Wrrts., Mezzanine Cap. & Inc., Murray Split Cap. Uts., TR Far East Inc., Value & Inc., MEDIA (7) Abbot Mead Vickers, Central ITV, Johnston Press, Sterling Publsg., TVS Ent., Taylor Nelson, Ulster TV, MERCHANT BANKS (4) Close Bros., Hambros 7½pc Pf., Schroders, Do. N/V, METAL & METAL FORMING (1) Ferraris, MISCELLANEOUS (5) Chemring, Faber Prest, Heritage, Nobo, Tamaris 8½pc Pf., MOTORS (1) Burndene, OIL & GAS (3) Kelt Energy, Mobil, Pittencrieff, OTHER FINANCIAL (1) Lon. Forfaiting, OTHER INDUSTRIALS (1) Watts Blake, PACKAGING, PAPER & PRINTING (4) Boxmore, Capital Inds., MY, Microgen, PROPERTY (2) Helical Bar 5¼pc Pf. 2012, Lon. Merchant Secs. Dfd., Do. 7¾pc Ln., STORES (2) Courts, Storehouse, TELEPHONE NETWORKS (2) Securicor, Security Srvs., TEXTILES (3) Celestion, Dewhirst, Leeds, TRANSPORT (3) Dawsongroup, Mersey Docks & Harbour, Tibbett & Britten, WATER (2) Cheam A, East Surrey, Wessex.
NEW LOWS (15).
CANADIANS (1) Echo Bay Mines, BUILDING MATERIALS (1) Needler, INVESTMENT TRUSTS (3) Archimedes, French Prop. Tst. Wrrts., Gartmore Scot. Ins., OIL & GAS (3) Edinburgh Oil & Gas, Lasmo Ops., Ranger, OTHER FINANCIAL (1) East German Inv Tst., PACKAGING, PAPER & PRINTING (1) Essalte, PROPERTY (2) Power, Rowlinson, MINES (1) Zandpan.

FINANCIAL TIMES EQUITY INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 8	Year ago	High	Low
Ordinary share	2140.6	2129.6	2137.0	2150.3	2176.8	1958.3	2209.9	1670.0
Ord. div. yield	4.39	4.42	4.40	4.36	4.32	4.87	5.34	4.23
Earning yld % full	6.03	6.07	6.04	5.99	5.93	7.00	-	-
P/E ratio net	21.13	21.02	21.11	21.29	21.49	17.85	21.93	15.79
P/E ratio nil	19.52	19.42	19.50	19.67	19.86	16.93	-	-
Gold Mines	61.9	60.8	61.3	62.4	61.9	156.0	160.5	60.4

*for 1992/93. Ordinary share index since compilation: high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2136.1	2142.8	2145.6	2141.4	2140.0	2145.3	2147.7	2146.5	2141.8	2149.5	2135.1

Volume	Jan 14	Jan 13	Jan 12	Jan 11	Jan 8	Year ago
SEAQ Bargains	28,618	26,741	28,977	31,105	31,825	31,769
Equity Turnover(£m)†	-	1219.1	1070.6	1294.5	1492.3	1353.4
Equity Bargains†	-	31,107	30,332	35,969	35,479	31,691
Shares traded (mil)†	-	575.0	534.3	584.1	680.2	583.5

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

HOPES of a cut in base rates led to a strong advance in stock index futures, though a slide on Wall Street saw some of the gains surrendered late in the session, writes Joel Kibazo.

Traders expected a good day when the March Contract on the FT-SE opened at at 2,786, 23 points above Wednesday's close. But for a slight dip to 2,776 hopes of a rate led to strong demand for the contract and also helped pull the underlying cash market higher.

Sentiment in the futures was further boosted by good activity in short sterling, and the day's high of 2,798 was reached at around 2.30pm.

The turnaround in New York after initial firmness led to a reversal in the fortunes of March, and it drifted lower for the rest of the session as profit takers cashed in on early gains.

March closed at 2,785, up 22 on its previous close and around 11 points ahead of its fair value premium to cash. Turnover was a reasonable 8,503 contracts.

Volume in the traded options returned to more modest levels reaching 26,312 lots. The FT-SE 100 option which expires today was the main attraction. It had traded a total of 11,770 by the close though there was little interest in the Euro FT-SE option which traded a mere 737 lots. TSB was the busiest stock option with a total of 986 lots dealt.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2759.2 +13.9	2888.1 +11.8	1337.58 +6.40

	Jan 14	Day's change %	Jan 13	Jan 12	Jan 11	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2759.2	+0.5	2745.3	2757.9	2773.4	2541.6	6.73	4.40	18.70	2.44
FT-SE Mid 250	2888.1	+0.4	2876.3	2879.1	2889.9	2423.7	6.88	4.48	18.54	2.81
FT-SE-A 350	1357.3	+0.5	1350.7	1355.9	1363.0	1226.2	6.76	4.42	18.67	1.22
FT-SE SmallCap	1413.17	+0.3	1408.61	1411.36	1413.55	-	-	4.53	-	0.81
FT-SE SmallCap ex Inv Trusts	1421.62	+0.3	1416.87	1419.57	1422.34	-	6.54	4.79	21.54	0.83
FT-A ALL-SHARE	1337.58	+0.5	1331.18	1338.17	1342.90	1211.56	-	4.42	-	1.18
1 CAPITAL GOODS(211)	876.98	+0.8	869.89	870.92	881.03	772.78	8.45	4.91	20.30	1.00
2 Building Materials(27)	893.38	+0.7	887.39	882.69	898.87	922.03	5.72	6.04	24.91	0.30
3 Contracting, Construction(29)	731.46	+0.3	729.30	725.73	734.45	851.96	3.51	6.65	88.40	0.20
4 Electricals(14)	2554.02	+0.8	2533.89	2542.52	2537.79	2488.12	6.34	5.68	20.72	0.00
5 Electronics(35)	2324.44	+0.9	2305.22	2317.09	2339.47	1703.08	6.77	3.66	18.67	13.04
6 Engineering-Aerospace(7)	300.96	+2.2	294.58	299.15	307.80	340.97	11.76	7.79	10.83	0.00
7 Engineering-General(52)	522.69	+0.3	521.05	519.76	522.01	479.23	7.76	4.56	16.48	0.27
8 Metals & Metal Forming(11)	332.37	+1.6	327.03	327.54	330.80	326.31	5.25	3.98	27.73	0.14
9 Motors(18)	390.82	+0.3	389.81	386.15	385.83	297.05	5.05	5.99	29.21	0.00
10 Other Industrials(18)	1979.04	+1.0	1959.27	1968.99	1996.84	1595.48	6.29	4.29	19.32	0.39
21 CONSUMER GROUP(232)	1702.69	+0.2	1699.43	1706.05	1719.86	1628.82	6.85	3.45	18.15	2.20
22 Brewers and Distillers(28)	1948.23	+0.1	1946.35	1966.20	1994.13	2047.78	8.58	3.89	14.11	10.09
25 Food Manufacturing(22)	1327.57	+0.3	1323.45	1323.47	1332.12	1240.85	7.93	3.93	15.77	0.04
26 Food Retailing(18)	3345.28	+0.7	3321.07	3327.21	3339.77	2431.03	7.71	3.04	16.87	0.00
27 Health & Household(29)	4011.07	-0.4	4025.25	4020.56	4062.14	4464.76	5.55	2.82	20.99	0.00
29 Hotels and Leisure(20)	1292.18	+0.3	1288.90	1285.24	1304.62	1235.68	6.48	5.34	20.41	6.19
30 Media(33)	1829.24	+0.7	1815.83	1823.51	1822.44	1453.71	5.44	2.84	22.90	0.94
31 Packaging and Paper(23)	790.91	+0.6	786.54	785.95	789.65	766.19	6.74	4.10	18.32	0.00
34 Stores(39)	1105.54	+0.2	1102.94	1117.09	1123.44	997.50	6.53	3.27	20.36	0.36
35 Textiles(23)	751.83	+0.2	750.61	756.54	758.15	803.38	6.56	4.22	19.33	0.00
40 OTHER GROUPS(143)	1435.76	+0.7	1425.23	1428.92	1429.43	1214.73	8.52	4.84	14.44	1.21
41 Business Services(27)	1555.82	+0.6	1546.36	1554.22	1551.45	1451.74	5.75	3.31	21.46	0.04
42 Chemicals(24)	1438.70	+1.3	1420.39	1432.10	1444.40	1446.31	6.37	5.09	19.78	0.20
43 Conglomerates(11)	1416.12	+1.0	1401.56	1403.77	1395.81	1346.03	7.52	7.56	15.19	0.00
44 Transport(16)	2744.82	+1.7	2698.55	2705.59	2715.09	2435.07	8.21	4.33	14.65	1.04
45 Electricity(16)	1584.41	+0.4	1578.75	1557.06	1552.91	1161.29	13.68	4.80	9.40	3.34
46 Telephone Networks(4)	1630.58	+0.4	1624.68	1647.26	1648.21	1390.80	8.17	4.20	15.91	1.56
47 Water(13)	3271.27	+0.4	3256.96	3247.57	3251.90	2246.60	13.97	5.42	7.85	11.63
48 Miscellaneous(32)	2475.97	+0.6	2461.71	2452.66	2456.97	1877.08	5.80	4.15	21.34	0.12
49 INDUSTRIAL GROUP(586)	1414.40	+0.5	1407.54	1411.73	1420.33	1281.47	7.35	4.18	16.99	1.57
51 Oil & Gas(18)	2120.78	-0.6	2133.11	2144.82	2151.80	2196.69	8.30	6.17	20.88	0.00
59 "500" SHARE INDEX(604)	1483.30	+0.4	1477.85	1482.42	1491.03	1363.06	7.24	4.37	17.31	1.49
61 FINANCIAL GROUP(89)	878.89	+1.2	868.79	875.35	878.71	726.27	-	5.00	-	0.06
62 Banks(9)	1203.80	+1.7	1183.93	1191.14	1190.27	877.24	5.01	4.63	30.17	0.00
65 Insurance (Life)(6)	1743.52	+1.1	1724.99	1745.97	1754.34	1446.31	-	5.21	-	0.00
66 Insurance (Composite)(7)	626.95	+0.4	624.17	634.01	635.28	508.18	-	4.81	-	0.00
67 Insurance Brokers(10)	776.82	—	776.81	792.66	798.89	1008.20	7.80	6.87	17.22	0.00
68 Merchant Banks(6)	520.39	+0.8	516.13	509.76	505.46	454.24	-	4.39	-	0.00
69 Property(28)	640.09	-0.1	640.50	640.91	645.71	777.55	8.77	5.61	14.76	0.62
70 Other Financial(23)	300.13	+0.8	297.86	300.70	304.49	236.65	7.22	5.65	18.23	0.05
71 Investment Trusts(107)	1322.94	+0.1	1321.46	1322.68	1321.21	1193.81	-	3.18	-	1.56
99 FT-A ALL-SHARE(800)	1337.58	+0.5	1331.18	1338.17	1342.90	1211.56	-	4.42	-	1.18

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2761.8	2760.7	2766.8	2758.8	2758.6	2766.2	2770.1	2768.9	2760.1	2771.3	2751.8
FT-SE Mid 250	2878.7	2882.0	2884.7	2883.6	2884.0	2888.3	2887.3	2890.4	2888.5	2890.9	2878.7
FT-SE-A 350	1353.5	1357.2	1359.9	1356.7	1356.6	1359.8	1361.4	1360.5	1357.6	1362.0	1353.5

Gross dividend yield (ACT at 25%) FT-SE 100 4.42%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health & H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	18¾xd	+⅛	27¼	14⅝	15,378	2.1
Allegheny & W	♥	448p	+25	454p	226p	232.6	4.2
Amdahl		448p	—	1159p	438p	590.9	1.4
Amer Cyanamid		38⅝	—	38⅝	28⅝	3,382	2.8
Amer Express		16xd	—	16⅞	10¼	7,737	3.9
Amer T & T		33xd	—	34½	20⅝	44,385	2.5
Ameritech		47½	—	47½	32½	20,633	4.9
BankAmerica		29xd	+⅛	31¼	19¼	16,293	2.8
Bankers NY		43xd	[illegible]	48¼	28⅝	3,836	4.5
Bell Atlantic		33	—	34⅝	23⅛	14,246	5.0
BellSouth		34⅛	—	35⅝	25	16,846	5.2
Bethlehem Steel	♥	16xd	[illegible]	16⅞	5¾	821.6	-
Bowater		1485pxd	—	1637p	906p	538.1	5.1
CPC	h	31xd	+⅛	34	22⅞	4,714	2.4
Cadiz Land Inc	♥	115p	—	342p	108p	-	-
California Engy		1066p	—	1096p	591p	169.5	-
Chase Manhattan		18xd	[illegible]	19½	9⅛	2,734	4.1
Chrysler		22xd	[illegible]	23⅝	6¼	6,652	1.7
Citicorp		14xd	[illegible]	14⅛	5⅞	5,137	-
Colgate-Palm		38xd	[illegible]	43¼	25¼	5,758	2.2
Cont'l Bank		1351p	—	1444p	493p	1,345	2.8
Dana		31xd	[illegible]	31⅞	14⅞	1,421	3.3
Data General		779p	—	1604p	384p	215.8	-
Decora Inds	♥	146p	—	146p	65p	-	-
Dun & Brad		37⅛	—	38⅝	27⅞	6,735	3.8
Eaton		51⅛	—	54½	32½	1,786	2.7
Echlin		15xd	[illegible]	15⅞	7⅞	895.5	2.8
FPL		23xd	[illegible]	24⅝	17⅞	4,314	6.6
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا من الأصل

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

... excludes a special payment. ‡ Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other ... W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT2758. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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Annual subscription £250.00 stg.

Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd Uxbridge Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	150.1	151.6	159.6	-0.50	0.00
AIB Grofund Equity	5	198.4	201.7	213.5	+0.70	3.38
AIB Grofund Euro	5	143.6	145.7	153.3	[illegible]	[illegible]
AIB Grofund Exe Inland	1	100.4	102.3	105.4	-1.74	2.30
AIB Grofund Gilt	3	75.21	75.23	77.56	+0.22	5.29
AIB Grofund Japan	5	118.6	119.6	126.2	-0.30	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H

[illegible]

Abbey Unit Tst Mngrs (1000)H

[illegible]

Britannia Life Unit Managers Ltd (1200)F

[illegible]

Brown Shipley & Co Ltd (1000)F

[illegible]

Confederation Funds Mngt Ltd (1200)F

[illegible]

Consistent Unit Tst Mgt Co Ltd (1200)F

[illegible]

Co-op Pension Fds UT Mgrs Ltd (1000)F

[illegible]

Crown Unit Tst Services Ltd (1200)F

[illegible]

MGM Unit Managers Ltd (1000)F

[illegible]

N&P Unit Trust Management Ltd (1200)F

[illegible]

National Provident Inv Mgrs Ltd (1400)H

[illegible]

Rothschild Fund Management (1000)F

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Sharp (Albert E.) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mngmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Societe Generale Tyndall Unit Trust Mgmt (1200)F

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mgmt Ltd (0730)H

State Street Unit Trust Mngmt Ltd (1200)F

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

T.U. Fund Managers Limited (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

UBS Unit Trust Managers Ltd

UNI Storebrand Inv Mngrs Ltd (1200)F

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mngt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charishares (1000)F

CAFINVEST–Charities Aid Foundation

COIF–Charities Official Inv Fd

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court

Govett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Leonard Brecham & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

J. Rothschild Fund Mngrs Ltd

Societe Generale Tyndall Unit Trust Mgmt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Canada Life Group

Cannon Assurance Ltd

Cannon Assurance Ltd–Contd.

Century Life Assurance Company Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Confederation Life Insurance Co

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Crown Financial Management Ltd–Contd.

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Excelsior Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident Co

General Portfolio Life Insur Plc

Generali Spa

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange–Contd.

Hearts of Oak Insurance Group

Hendersons Administration Ltd

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General–Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lincoln Assurance Co Ltd

London & Manchester Assurance

London Indemnity & Gnl. Ins. Co Ltd

London Life

M & G Life Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

N & P Life Assurance Ltd

NM Life Assurance Ltd

National Mutual Life

National Provident Institution

National Westminster Life Assce Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pension Management Ltd

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Continued on next page

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Prolific Life & Pensions Ltd

[illegible]

Property Life Assurance Ltd

[illegible]

Providence Capital Life Assc. Co Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Provident Mutual Life Ass. Assn.

[illegible]

Prudential Assurance Co

[illegible]

Prudential Corporate Pension Funds

[illegible]

Prudential Individual Life Funds

[illegible]

Prudential Individual Pension Funds

[illegible]

Reliance Mutual

[illegible]

J Rothschild Assurance PLC

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group

[illegible]

Scottish Amicable

[illegible]

Scottish Equitable Life Assce. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance plc

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Shield Assurance Ltd

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Templeton Life Assurance Limited

[illegible]

Tunbridge Wells Equitable

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Woolwich Life Assurance Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

AEtna Intl Assurance (Bermuda) Ltd

[illegible]

Albany International Assurance Ltd

[illegible]

CMI Insurance Co Ltd

[illegible]

Equitable Life (International)

[illegible]

Eurolife Assurance Group

[illegible]

Fidelity Investments Life Ltd

[illegible]

Hansard International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

MEL Britannia International Ltd

[illegible]

Providence Capital International Ltd

[illegible]

Royal Life Intl. Ltd

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Sun Alliance International Life

[illegible]

Target International Group

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

[illegible]

Lloyd George Management

[illegible]

Newport Investment Management

[illegible]

Orion Fund Limited

[illegible]

CANADA (SIB RECOGNISED)

GBC Asset Management

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)

[illegible]

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Gross
John Govett Management (IoM) Ltd				
Dlr Geared Curr NAV Jan 8		$17.38		-
Paragon Plus Red Jan 4		£9.99		-
Paragon Stlg Red Jan 4		£11.32		-
SE Asia [illegible]		$9.51		-
Govett Mngd Ftre Jan 8	£14.35	15.70		-
Govett Mngd Ftrs Jan 8	$10.15	11.11		-
Mer Horizons Inv Jan 7		$15.87		-
Mer Horizons Inv Wts Jan 7		$8.00		-
Dlr Geared Bd Jan 8		$7.30		-
IBI Global Funds Limited				
Intl Stlg Grwth	£20.59	21.68		-
Intl $US Grwth	[illegible]	18.70		-
High Income Gilt	£26.06	27.02		-
International Equity	£20.84	21.95		-
International Bond	£22.54	23.37		-
Managed Currency	£27.64	27.93		-
Sterling Currency	£26.63	26.91		-
US$ Currency	$37.82	38.21		-
Irish £ Currency	I£15.39	15.56		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.05	11.52		-
B F Offshore Inc Fd Ltd	£11.75	12.25		-
Target International (Isle of Man) Ltd				
UMC Offshore Fd.	£9.45	10.23		-
Nelson Miles W/W S/S	£10.24	10.49		-

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	£2.438	2.560	-0.034	1.18
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9.76	9.80	+0.03	9.59
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Jan 14	$13.30	13.58	-0.14	2.95
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	53.7	56.0		8.03
UK Equity Fd (z)	221.8	236.0		2.71
*Intl Bond Fd.	97.0	100.0		6.87
*Sterling Mngd Asset Fd.	548.0	577.0		5.00
*Sub day every Thurs.				
NatWest TrustCor Currency Fund Ltd				
Dollar Class		$38.2587	+0.0109	-
Sterling Class		£27.0807	+0.0138	-
D-Mark Class		DM84.1372	+0.0568	-
Japanese Yen Class		Y7982.1343	+0.6161	-
Adelaide Replica Portfolio Ltd				
Adelaide Replica P'folio Ltd £	11.29	11.63		-
Adelaide Replica P'folio Ltd $	$10.37	10.76		-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Jan 14	$34.20	36.40	+0.59	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Grwth Fd	$3.7426	3.9773		-
Offshore Japanese Grwth Fd	$0.9154	0.9728		-
Offshore Am Grwth Fd	$6.5835	6.9963		-
Offshore Emerging Cos	$3.8753	4.1183		-
Offshore European Fd	$1.4857	1.5676		-
Offshore Global Bond	$0.9514	0.9911		-
Offshore Global Bond Acc	[illegible]	[illegible]		-
Offshore Far Eastern Fd	$2.2203	2.3596		-
Offshore UK Growth Fd	$1.9624	2.0855		-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Jan 8		$4.19		-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£14.90	15.12		1.43
LFM Defensive Strategy	£11.27	11.85		-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		I£-21.1330	21.1412		-
Managed Capital Bd	5		I£-21.4092	21.4340		-
AIB Grafund Currency Fund Limited						
Stlg Mngd Currency	5		£-	11.0017		-
Sterling Currency Fd	5		£-	10.6115		-
Ecu Currency	5		Ecu-	[illegible]		

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Resignation raises tensions

THERE was a small rise in tension inside the European Exchange Rate Mechanism last night as Mr Poul Schlueter's resignation as Danish prime minister raised concerns that Denmark's krone might come under renewed selling pressure, *writes James Blitz.*

Mr Schleuter's resignation came at 5 pm London time yesterday, well after the close of official ERM trading. Markets had little time for a considered reaction.

After opening in London at DKr3.8615 to the D-Mark, the krone weakened in the European morning to around DKr3.8750 to the D-Mark. Following the resignation announcement, it was quoted at DKr3.8646 at lunchtime in the US, some way above its ERM floor of DKr3.9016.

The main concern of currency traders is that political tension in Copenhagen may create doubts about Denmark's ratification of the Maastricht treaty in its second referendum on the issue this spring.

Mr Schleuter's call for the finance minister, Mr Henning Dyermose, to replace him raised suggestions that a big change in Danish politics was not imminent.

However, Mr Steve Hannah, head of research at IBJ International in London, said that there was certain to be pressure on the currency in the next few days. "In the very short term, the resignation is negative, because any uncertainty is not liked by the markets," he said.

The Irish punt also came under renewed pressure in the ERM last night, falling close to its floor against the Dutch guilder.

In recent days, the Irish authorities have reduced money market rates in an attempt to avert a threatened rise in commercial base rates which would further hurt the Irish economy.

The central bank announced yesterday that it was dropping its overnight lending rate to 15 per cent from 30 per cent.

However, in afternoon trading in the US, the punt was quoted at NFl 2.9599, only narrowly above its ERM floor of NFl 2.95100.

According to Mr John Hall, an international economist at Swiss Banking Corp in London, the progressive cuts in Irish interest rates raised concerns about the new government's willingness to defend the currency.

"They have taken every opportunity to cut rates this week," he said. "If they really wanted to defend the currency, they should have kept rates high."

Sterling fell sharply against the D-Mark yesterday, amidst rumours that the UK government was planning to cut base rates in conjunction with today's figures for the retail price index.

Far from encouraging the belief that rates will be cut, the UK authorities have been adamant that monetary policy is on hold for the time being.

However, sterling fell by 2.25 pfennigs against the D-Mark yesterday, closing at DM2.4900.

£ IN NEW YORK

Jan 14	Latest	Previous Close
£ Spot	1.5400-1.5410	1.5488 1.5498
1 month	0.52-0.51pm	0.53 0.51pm
3 months	1.37-1.34pm	1.40 1.37pm
12 months	4.00-3.90pm	4.10 4.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan 14	Previous
8.30 am	81.6	82.0
9.00 am	81.4	82.0
10.00 am	81.4	82.0
11.00 am	81.4	82.0
Noon	81.5	82.0
1.00 pm	81.5	81.9
2.00 pm	81.4	81.9
3.00 pm	81.3	81.9
4.00 pm	81.0	81.8

CURRENCY RATES

Jan 14	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.888863	0.783215
U.S Dollar	3.00	1.37196	1.20670
Canadian $	7.27	1.75858	1.54397
Austrian Sch	8.25	15.7638	13.7877
Belgian Franc	7.75	46.1665	40.3581
Danish Krone	9.50	8.66873	7.58471
D-Mark	8.25	2.24000	1.95968
Dutch Guilder	7.75	2.51864	2.20343
French Franc	10	7.59037	6.64650
Italian Lira	12.00	2069.77	1813.68
Japanese Yen	3.25	172.495	151.742
Norway Krone	–	9.57394	8.31416
Spanish Peseta	–	158.995	139.124
Swedish Krona	11.50	N/A	8.76969
Swiss Franc	5.50	2.05725	1.79497
Greek Drach	19	N/A	261.987
Irish Punt	–	N/A	0.743866

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jan 13

CURRENCY MOVEMENTS

Jan 14	Bank of England Index	Morgan** Guaranty Changes %
Sterling	81.0	-28.81
U.S Dollar	66.6	-10.60
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan 13

OTHER CURRENCIES

Jan 14	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1217.30 - 1236.95	789.10 - 795.30
Kuwait	0.46850 - 0.46950	0.30470 - 0.30500
Luxembourg	51.20 - 51.30	33.30 - 33.40
Malaysia	4.0005 - 4.0110	2.6000 - 2.6010
Mexico	4.7995 - 4.8025	3.1115 - 3.1135
N.Zealand	3.0095 - 3.0135	1.9510 - 1.9535
Saudi Ar	5.7760 - 5.7875	3.7495 - 3.7505
Singapore	2.5525 - 2.5590	1.6565 - 1.6575
S.Af (Cm)	4.7300 - 4.7410	3.0700 - 3.0720
S.Af (Fn)	7.3155 - 7.4155	4.7425 - 4.8425
Taiwan	39.15 - 39.35	25.40 - 25.50
U.A.E.	5.6555 - 5.6685	3.6715 - 3.6735

*Floating rate. †an Official rate £100.35 $66.60

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	175.864	-3.47	4.80	52
Spanish Peseta	143.386	139.124	-2.97	4.26	46
Dutch Guilder	2.21958	2.20343	-0.73	1.90	28
Belgian Franc	40.6304	40.3581	-0.67	1.84	25
D-Mark	1.96992	1.95968	-0.52	1.69	23
French Franc	6.60683	6.64650	0.60	0.56	-42
Danish Krone	7.51410	7.58471	0.94	0.22	-50
Irish Punt	0.735334	0.743866	1.16	0.00	-59

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5325 - 1.5510	1.5370 - 1.5380	0.53-0.51cpm	4.06	1.40-1.37pm	3.60
Canada	1.9610 - 1.9825	1.9640 - 1.9650	0.04-0.01cpm	0.15	0.06-0.03pm	0.09
Netherlands	2.7925 - 2.8250	2.7950 - 2.8050	¼-½cdis	-1.61	⅝-⅞dis	-1.07
Belgium	51.20 - 51.70	51.20 - 51.30	4-9cdis	-1.52	13-17dis	-1.17
Denmark	9.6275 - 9.7125	9.6325 - 9.6425	4½-8oredis	-7.86	13½-18½dis	-6.69
Ireland	0.9435 - 0.9515	0.9440 - 0.9450	3.90-2.25cpm	39.07	4.65-2.65pm	15.46
Germany	2.4850 - 2.5100	2.4875 - 2.4925	¼-⅜pfdis	-1.51	¾-1dis	-1.41
Portugal	222.75 - 226.50	223.00 - 224.00	130-145cdis	-7.38	385-415dis	-7.16
Spain	176.60 - 179.50	176.65 - 176.95	122-131cdis	-8.59	340-356dis	-7.87
Italy	2301.00 - 2328.75	2307.25 - 2308.25	10-12lire dis	-5.72	31-33dis	-5.55
Norway	10.5600 - 10.7075	10.5650 - 10.5750	3½-4½oredis	-4.26	8½-10½dis	-3.67
France	8.4250 - 8.5175	8.4350 - 8.4450	3½-3⅞cdis	-5.15	9⅞-10⅛dis	-4.65
Sweden	11.0775 - 11.4275	11.0775 - 11.0875	3½-3⅞oredis	-3.79	8½-9½dis	-3.23
Japan	192.75 - 194.75	192.75 - 193.75	⅝-½ypm	3.49	1⅝-1½pm	3.23
Austria	17.49 - 17.67	17.49 - 17.52	1⅞-3grodis	-1.67	4-7½dis	-1.33
Switzerland	2.2700 - 2.2975	2.2725 - 2.2825	⅝-½cpm	2.63	⅞-⅝pm	1.32
Ecu	1.2675 - 1.2805	1.2680 - 1.2690	0.30-0.35cdis	-3.07	0.96-1.03dis	-3.14

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.49-2.44pm . 12 Month 3.92-3.82pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5325 - 1.5510	1.5370 - 1.5380	0.53-0.51cpm	4.06	1.40-1.37pm	3.60
Ireland†	1.6195 - 1.6335	1.6225 - 1.6235	4.51-3.00cpm	27.76	7.30-5.00pm	15.16
Canada	1.2755 - 1.2805	1.2790 - 1.2800	0.37-0.45cdis	-3.85	1.03-1.18dis	-3.45
Netherlands	1.8155 - 1.8285	1.8205 - 1.8215	0.81-0.84cdis	-5.44	2.13-2.18dis	-4.73
Belgium	33.20 - 33.45	33.30 - 33.40	14.30-15.30cdis	-5.33	39.00-42.00dis	-4.86
Denmark	6.2575 - 6.2875	6.2650 - 6.2700	5.00-7.00oredis	-11.49	15.00-17.50dis	-10.37
Germany	1.6170 - 1.6250	1.6190 - 1.6200	0.76-0.78pfdis	-5.71	2.03-2.05dis	-5.04
Portugal	145.05 - 145.90	145.60 - 145.70	134-139cdis	-11.25	383-398dis	-10.72
Spain	114.90 - 115.35	115.20 - 115.30	115-123cdis	-12.39	320-340dis	-11.45
Italy	1492.00 - 1506.00	1500.75 - 1501.25	11.00-13.00lire dis	-9.59	34.00-36.00dis	-9.33
Norway	6.8500 - 6.9150	6.8725 - 6.8775	4.20-5.20oredis	-8.20	12.50-13.50dis	-7.56
France	5.4850 - 5.5100	5.4875 - 5.4925	4.10-4.30cdis	-9.18	11.30-11.70dis	-8.38
Sweden	7.2000 - 7.4075	7.2050 - 7.2100	4.10-5.10oredis	-7.66	11.70-12.70dis	-6.77
Japan	125.50 - 126.00	125.65 - 125.75	0.06-0.07ydis	-0.62	0.09-0.10dis	-0.30
Austria	11.3875 - 11.4275	11.4150 - 11.4200	0.05-0.06grodis	-0.06	13.00-16.00dis	-5.08
Switzerland	1.4800 - 1.4900	1.4810 - 1.4820	0.29-0.32cdis	-2.47	0.86-0.91dis	-2.39
Ecu†	1.2060 - 1.2115	1.2090 - 1.2100	0.71-0.71cpm	7.04	2.04-2.01pm	6.70

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6½ - 6¼	6½ - 6¼	7⅛ - 6⅞	7⅛ - 6⅞	6⅞ - 6⅝	6¾ - 6½
US Dollar	2⅞ - 2⅝	3⅛ - 2⅞	3¼ - 3⅛	3½ - 3⅜	3⅝ - 3½	3⅞ - 3¾
Can. Dollar	7¼ - 6¾	7 - 6¾	6⅞ - 6⅝	6⅞ - 6⅝	6⅞ - 6⅝	7⅛ - 6⅞
Dutch Guilder	8⅛ - 8¼	8⅛ - 8⅛	8⅛ - 8¼	8 - 7⅞	7⅝ - 7½	7⅛ - 7⅛
Swiss Franc	5⅝ - 5⅜	5⅝ - 5⅜	5⅝ - 5½	5⅝ - 5½	5⅝ - 5¼	5⅛ - 5⅛
D-Mark	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	8⅛ - 8½	8⅛ - 8	7½ - 7⅜
French Franc	12¼ - 12	12¼ - 12	12¼ - 11¾	11⅝ - 11⅜	10⅝ - 10⅜	9⅝ - 9⅜
Italian Lira	13½ - 11½	13½ - 12½	13 - 12½	12¾ - 12½	12¾ - 12½	12½ - 12¼
Belgian Franc	8⅝ - 8¼	8⅝ - 8¼	8½ - 8⅜	8½ - 8⅜	7⅞ - 7⅞	7⅝ - 7⅝
Yen	3⅝ - 3⅜	3⅝ - 3⅜	3⅝ - 3½	3⅝ - 3½	3½ - 3⅜	3⅜ - 3¼
Danish Krone	13 - 11	15 - 13	17 - 14	17 - 14	14 - 12	13 - 10
Asian $Sing	4 - 2	4½ - 2½	4½ - 3½	3½ - 2½	3½ - 2½	4 - 3
Spanish Peseta	15⅝ - 15⅛	15⅝ - 15⅛	15⅝ - 15⅛	15⅛ - 14⅝	14⅝ - 14⅛	14⅝ - 14⅛
Portuguese Esc.	15 - 12½	14 - 13	15 - 14½	15 - 14½	14⅞ - 14⅛	14⅝ - 14⅛

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 5⅛-5⅛ per cent; four years 5¾-5⅝ per cent; five years 6⅛-6⅛ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.537	2.490	193.2	8.440	2.277	2.800	2308	1.964	51.25	176.8	1.268
$	0.651	1	1.620	125.7	5.491	1.481	1.822	1502	1.278	33.34	115.0	0.825
DM	0.402	0.617	1	77.59	3.390	0.914	1.124	926.9	0.789	20.58	71.00	0.509
YEN	5.176	7.955	12.89	1000.	43.69	11.79	14.49	11946	10.17	265.3	915.1	6.563
F Fr.	1.185	1.821	2.950	228.9	10.	2.698	3.318	2735	2.327	60.72	209.5	1.502
S Fr.	0.439	0.675	1.094	84.85	3.707	1	1.230	1014	0.863	22.51	77.65	0.557
H Fl.	0.357	0.549	0.889	69.00	3.014	0.813	1	824.3	0.701	18.30	63.14	0.453
Lira	0.433	0.666	1.079	83.71	3.657	0.987	1.213	1000.	0.851	22.21	76.60	0.549
C $	0.509	0.783	1.268	98.37	4.297	1.159	1.426	1175	1	26.09	90.02	0.646
B Fr.	1.951	2.999	4.859	377.0	16.47	4.443	5.463	4503	3.832	100.	345.0	2.474
Pta	0.566	0.869	1.408	109.3	4.774	1.288	1.584	1305	1.111	28.99	100.	0.717
Ecu	0.789	1.212	1.964	152.4	6.656	1.796	2.208	1820	1.549	40.42	139.4	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	90.35	90.42	90.33	90.36
Jun	91.55	91.59	91.51	91.55
Sep	92.17	92.20	92.14	92.16
Dec	92.48	92.51	92.42	92.47

Estimated volume 2296 (1119)
Previous day's open int. 11911 (12240)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	94.44	94.56	94.40	94.49
Jun	94.84	94.95	94.83	94.89
Sep	95.09	95.21	95.10	95.14
Dec	95.18	95.25	95.08	95.23

Estimated volume 11834 (13191)
Previous day's open int. 37312 (37967)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Mar	87.58	87.62	87.45	87.48
Jun	88.05	88.10	87.94	87.94
Sep	88.30	88.30	88.30	88.23
Dec	88.40	88.40	88.40	88.33

Estimated volume 1338 (1584)
Previous day's open int. 16009 (15591)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2785.5	2798.0	2776.0	2759.0
Jun	2805.5	2811.0	2802.0	2778.5
Sep	2829.5			2804.0

Estimated volume 10762 (11157)
Previous day's open int. 45398 (46398)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5375	1.5323	1.5237	1.5129	1.4988

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	2.14	-	-	0.25	-
112	1.04	1.32	2.60	0.14	0.42	0.72
113	0.28	0.70	1.88	0.38	0.77	0.99
114	0.05	0.28	1.30	-	-	-
115	-	0.09	0.85	-	-	-
Open int.	10,076	175,850	46,005	13,107	161,749	28,001

Estimated volume 32,458 † Total Open Interest 437,490
† All Yields & Open interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
The Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Focus on UK rates

THERE was speculation about a near term cut in UK base rates in the sterling cash market yesterday morning, as short-dated money rates came down to very low levels for the second day running, *writes James Blitz.*

The UK government has given strong indications in recent weeks that another base rate cut is not due for some time. But a number of factors yesterday encouraged dealers to think this was a possibility.

UK clearing bank base lending rate 7 per cent from November 13, 1992

One reason was a sharp increase in cash supply in the market, which helped to push the overnight rate as low as 4 per cent.

As on every day this week, the Bank of England forecast a small shortage. Yesterday's morning forecast was for £800m, later revised up to £850m.

There was mild excitement, too, that the Bank of England offered a repurchase agreement of £550m at the established rate of 6$\frac{15}{16}$ per cent in the early round.

A repo offer can sometimes be used to underline the downward movement of market rates. However, one dealer suggested that the Bank may have been accommodating for purely technical reasons, possibly because today's shortage is expected to be very high.

There was a strong impact on cash and futures markets. Three month money was again very soft, closing around the base rate figure of 7 per cent as it did on Wednesday night. The March short sterling contract closed up 8 basis points at 93.42, a level which prices in more than 40 basis points off 3-month money in the next two months.

Continuing speculation that Germany will ease monetary policy may also have compounded the positive mood in the sterling market. Conciliatory comments earlier this week from Mr Helmut Schlesinger, the Bundesbank, helped the March Euromark contract up 8 basis points to a close of 92.18.

However, French franc futures hit record lows, with the March contract closing down 27 basis points at 92.10.

Denmark's growing political difficulties have weakened the Danish krone, arousing new concerns about the franc. There were rumours yesterday that if 3-month French francs do not come below 11½ per cent within the next few days, French commercial banks may be forced to pass the cost of high money market rates on to the consumer.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.14) 3 months US dollars		6 months US Dollars	
bid 3⅛	offer 3¼	bid 3½	offer 3⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

		Treasury Bills and Bonds			
Prime rate	6	One month	2.94	Three year	4.91
Broker loan rate	5	Two month	3.02	Five year	5.89
Fed funds	2⅞	Three month	3.05	Seven year	6.33
Fed.funds at intervention	-	Six month	3.23	10-year	6.66
		One year	3.47	30-year	7.43
		Two year	4.41		

Jan.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.65-8.70	8.60-8.70	8.50-8.65	8.45-8.60	8.00-8.10	9.50
Paris	12⅛-12¼	11¾-12	-	11½-11¾	-	9.10
Zurich	4⅞-5	5⅞-6⅛	-	5½-5⅝	-	-
Amsterdam	8.49-8.56	8.33-8.43	-	8.03-8.13	-	-
Tokyo	3⅞-3⅞	3⅞-3⅞	-	3⅞-3⅞	-	-
Milan	12½-12¾	12¾-12⅞	-	12¾-13	-	-
Brussels	8⅛-8⅝	8⅛-8⅝	-	8⅛-8¼	-	-
Dublin	15-20	28-30	25-26	18-23	16-18	-

LONDON MONEY RATES

Jan 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7¼	6⅞	7⅛	7	6⅞	6¾
Interbank Bid	4½	6	6⅞	6⅞	6$\frac{11}{16}$	6⅝
Sterling CDs	-	-	7	7	6¾	6$\frac{11}{16}$
Local Authority Deps.	7	6½	7	6$\frac{13}{16}$	6$\frac{11}{16}$	6¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5⅞	6¼	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	7	6⅞	6¾	6$\frac{9}{16}$
Treasury Bills (Buy)	-	-	6⅞	6½	6$\frac{7}{16}$	-
Bank Bills (Buy)	-	-	6$\frac{11}{16}$	6⅝	6$\frac{11}{16}$	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.07	3.17	3.33	3.74
SDR Linked Dep. Offer	-	-	5½	5⅞	5¼	5¼
SDR Linked Dep. Bid	-	-	5⅜	5⅜	5⅛	5
ECU Linked Dep. Offer	-	-	10¼	10⅛	9$\frac{11}{16}$	9½
ECU Linked Dep. Bid	-	-	9¾	10$\frac{1}{16}$	9¾	9$\frac{1}{16}$

Treasury Bills (sell): one-month 6$\frac{7}{16}$ per cent; three months 6$\frac{7}{16}$ per cent; six months 6⅜ per cent; Bank Bills (sell): one-month 6$\frac{9}{16}$ per cent; three months 6$\frac{7}{16}$ per cent; Treasury Bills; Average tender rate of discount 6.3574 . ECGD Fixed Rate Sterling Export Finance. Make up day December 31 ,1992 . Agreed rates for period January 26, 1993 to February 23 , 1993, Scheme I: 8.38 p.c., Schemes II & III: 8.50 p.c. Reference rate for period December 1, 1992 to December 31 , 1992, Scheme IV&V: 7.232 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7½ from January 1 , 1993: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent; six-nine months 5 per cent; nine-twelve months 5 per cent. Under £100,000 3½ per cent from Nov.16, 1992. Deposits withdrawn for cash 1½ per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

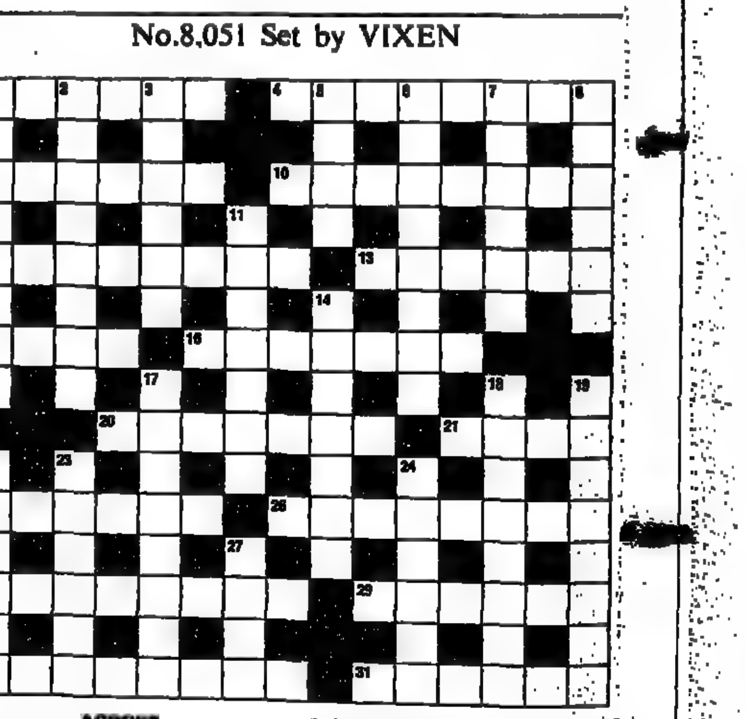
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,051 Set by VIXEN



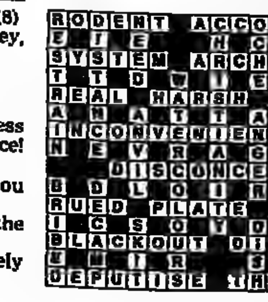
ACROSS

1 Cook agreed to make a sweet (6)
4 A tiresome fellow, a right fool, in a woman's clutches (8)
9 Send out without a drink (6)
10 Winsome child preparing for a fight (8)
12 The dog's a bounder! (8)
13 Draw some apprentices at work (6)
15 Record a bit of music (4)
16 Put on – it's expected (7)
20 Write to a colleague as retribution (7)
21 Time for a little fruit! (4)
25 An aged eccentric listed matters to be discussed (6)
26 These days being in flight can be an exciting adventure (8)
28 The frame of exceptionally sleek heavyweight (8)
29 Degree to which parasites may show spite (6)
30 "Ever let the fancy roam, — never is at home" (Keats) (8)
31 Soldiers, having little money, will get fresh (6)

DOWN

1 Dunderhead gaining ingress quite wrongly – the sauce! (8)
2 Hope to hold up thank-you letter (8)
3 Commit a blunder and get the message (6)
5 Pain in the stomach, entirely due to stress (4)
6 A grander ensemble may be ordered (8)
7 Enthusiasm for the hard stuff (6)
8 Concerned with Greek and French compunction (6)
11 Fancy pins are essential for the Iranian (7)
14 Used to wound ignored girl (7)
17 Without capital as a result of being axed (8)
18 One's to be included among 24 – it's heaven. (8)
19 Accommodation is provided for employees in principle (8)
22 Refuse to drink after juice gets upset (4,2)
23 Very hard when cut to a point (6)
24 Coppers are holding a large number for show (6)
27 Excursion to an ancient city (4)

Solution to Puzzle No.8,050



WORLD STOCK MARKETS

CANADA

TORONTO

3 pm January 14

MONTREAL

3 pm January 14

INDICES

NEW YORK DOW JONES

	Jan 13	Jan 12	Jan 11	Jan 8	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3263.56	3264.64	3262.75	3251.67	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.55	103.53	103.49	103.59	103.90 (6/1/93)	98.41 (20/3/92)	103.90 (6/1/93)	54.99 (1/10/81)
Transport	1466.93	1482.24	1489.70	1488.29	1489.70 (11/1/93)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.77	218.39	218.64	217.14	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3283.01 (3287.06) Low 3225.47 (3229.79) (Theoretical)
Day's High 3269.50 (3268.15) Low 3244.11 (3239.52) (Actual)

STANDARD AND POOR'S

	Jan 13	Jan 12	Jan 11	Jan 8	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	433.03	431.04	430.95	429.05	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	502.84	501.13	501.40	499.45	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	40.59	40.30	40.21	39.89	41.07 (30/12/92)	32.40 (8/4/92)	41.07 (30/12/92)	8.64 (1/10/74)
NYSE Composite	238.12	237.20	237.09	236.21	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	398.56	396.41	397.24	395.84	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	686.78	679.45	682.40	677.21	686.78 (13/1/93)	547.84 (26/6/92)	686.78 (13/1/93)	54.87 (31/10/72)

	Jan 7	Dec 31	Dec 24	year ago (approx.)
Dow Industrial Div. Yield	3.19	3.14	3.12	2.89

	Jan 6	Dec 16	Dec 9	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2.58	2.78
S & P Indl. P/E ratio	26.85	26.78	27.10	23.24

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Natl City	6,216,500	49⅛	+ ⅛
Tucson Elt	6,038,900	2⅞	+ ⅛
East. Kodak	3,458,500	47⅞	+ ⅛
IBM	3,206,700	47⅞	- 1⅛
Philip Morris	3,130,000	73⅞	- 1⅛
Pfizer	2,699,700	66⅛	- 1⅛
Glaxo	2,677,900	22⅛	- ⅛
Kroger	2,547,300	16⅛	+ 1⅞
K Mart	2,389,100	22⅛	---
Telefonos	2,331,200	55⅛	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Jan 13	Jan 12	Jan 11
New York SE	245.020	239.250	217.150
Amex	14.798	15.480	13.424
NASDAQ	244.701	233.775	195.740
NYSE			
Issues Traded	2,411	2,408	2,417
Rises	1,090	893	1,101
Falls	759	878	710
Unchanged	562	637	606
New Highs	79	67	70
New Lows	28	22	25

CANADA TORONTO

	Jan 13	Jan 12	Jan 11	Jan 8	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2747.17	2800.23	2829.43	2812.35	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3298.29	3314.54	3310.20	3311.77	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1744.42	1749.30	1742.96	1744.54	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

**Saturday January 9: Taiwan Weighted Price: 3088.43, Korea Comp Ex. 709.77
¶ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 25 Industrials—264.3 and Australia All Ordinary and Mining—500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, 14 January, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Yasuda Tst & Bk	9.3m	+5	690	Nippon Steel	1.9m	-1	288
Sumitomo Metal	3.2m	+2	262	Kobe Elec	1.9m	-2	725
Green Cross	2.9m		1,190	Toray Ind	1.8m	-14	616
Kawasaki Steel	2.7m	+1	281	Meiji Milk Prod	1.7m	-11	845
Sumitomo Chem	2.4m	-13	418	Mitsubishi Heavy	1.5m	-3	614

Price data supplied by Telekurs.

3:15 pm January 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992-93 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	10⅛	AAR Corp	0.48	4.0	22	48	12	11⅞	12	+⅛
28½	18	A L Labs A	0.18	0.7	160	86	25⅞	25⅜	25⅝	+⅛
69¾	52⅝	AMP Inc	1.52	2.6	22	1923	59¼	58⅞	59⅛	+⅜
80¼	54⅜	AMR			14	5379	69⅝	68⅛	69½	+2½
2⅛	1⅛	ARX			13	101	2	2	2	+⅛
53½	30½	ASA	2.00	6.6	20	217	30⅝	d30	30⅜	−⅛
34¼	26⅛	Abbott Lab x	0.60	2.2	19	12760	28⅜	27¼	27½	−1
13⅞	10⅝	Acclaim Pr x	0.50	4.4	4	66	11¼	11¼	11¼	
11⅝	10⅛	ACM Gvt In	0.36	3.3		640	11	10⅞	11	+⅛
10⅜	9	ACM GvOpp	1.21	13.3		24	9⅛	8⅞	9⅛	−⅛
9⅞	8½	ACM Gvt Sp	0.85	9.4		189	9	8⅞	9	+⅛
11⅛	9⅞	ACM Gvt Se	1.01	9.4		128	10⅞	10⅞	10⅞	+⅛
10⅝	8⅝	ACM Man	1.18	11.7		135	10⅛	10	10⅛	
12⅞	8⅝	ACM Managd	0.78	8.8		318	9	8⅞	8⅞	+⅛
11¼	4⅜	Acme Cleve	0.40	4.7	18	42	8⅝	8⅜	8½	
7⅛	3⅜	Acme Elect			156	74	u7⅞	7½	7⅜	−⅛
33¼	14⅜	Acuson			10	1814	14¼	d13⅞	13⅞	−⅜
21	18⅛	Adams Expr	1.62	8.2	1	34	19⅞	19¼	19⅜	
49⅛	29½	Ad Micro	3.00	6.1		226	49	48½	49	+¼
21½	7½	Ad Micro P	3.00	14.7	7	11495	20⅜	20	20⅜	+⅝
9⅛	4⅞	Advest Grp	0.16	2.7	12	3356	5⅞	5⅝	5⅞	+¼
42¾	33	Aegon ADR	1.35	3.1	8	71	u43½	42⅞	43¼	+1⅛
48¾	38	Aetna LI	2.76	5.8	14	2890	47⅞	47¼	47⅞	+¾
12¾	8⅜	Affil A	0.24	1.8	17	447	u13⅛	12⅞	13	−⅛
34⅞	24	Aflac	0.44	1.3	16	532	34½	33⅞	34½	+⅜
19½	13	Ahmanson	0.88	4.7	9	3338	19	18½	18⅞	+⅜
22½	4	Aileen Inc			10	446	6	5¾	6	+⅛
49½	36½	Air Pr Chm	0.86	1.9	18	645	45⅜	45⅛	45⅜	−⅛
28¾	12½	Airbne Frt	0.30	1.4	116	2670	21¾	20⅛	21¼	+1⅛
23	11¼	Airgas Inc			31	71	21½	20⅞	20⅞	
12⅜	8⅛	Airlease	1.60	14.7	8	40	10⅞	10⅝	10⅞	+⅛
104	99	AlaPw8 16	8.16	8.0		z100	102½	102½	101½	
105	100¼	Alab 8.28C	8.28	8.0		z100	103	103	103¾	+¾
11¼	10½	AlaPwDpPf	0.87	8.1		33	10¾	10⅝	10¾	+⅛
23⅞	14¼	Alaska Air	0.20	1.2	5	382	17⅝	17¼	17⅜	
21¾	11⅛	Albany Int	0.35	2.4	60	230	14⅝	14¼	14⅝	
32	21¼	AlCulvr B	0.24	1.0	17	154	24	23¾	24	+⅜
25¾	19⅝	AlCulvr A	0.24	1.1	18	221	22¼	22	22	+⅛
53⅛	38¾	Albertsons	0.64	1.3	26	1463	50½	49⅜	49⅞	−⅜
22¾	15¼	Alcan Alum	0.30	1.8	37	3046	17⅜	17	17⅛	−⅛
42⅝	33⅛	Alco Stand	0.96	2.5	17	909	39⅜	38⅞	39	−⅛
23⅛	14⅝	AlexBrown	0.50	2.3	6	1347	22¼	21⅛	22⅛	+1
27⅝	18	Alexr Alex	1.00	3.9	92	914	26¼	25¾	25⅞	−⅛
38⅝	27½	Allegh Lud	0.88	2.4	21	505	36⅛	35⅝	36	+⅜
49⅞	41½	Allegh Pow	3.24	6.8	13	344	47¾	47½	47¾	+¼
31½	22⅜	Allen Gp	1.75	5.7		10	30⅜	30⅜	30⅜	
30	18⅞	Allen Con	0.24	0.9	17	169	26⅞	26⅝	26⅝	+⅛
27¼	20⅜	Allergan	0.40	1.7	15	815	23⅞	23⅜	23½	−⅜
38⅛	28⅞	Allnce Cap	2.51	7.4	12	135	34¼	33⅞	34	+⅛
12½	9⅛	Allnce Gl	0.18	1.8		31	9⅞	9⅝	9⅞	
21¼	16¼	Ald Irish	0.95	5.4	9	20	17⅝	17⅝	17⅝	−⅛
62	40⅞	Alld Sig	1.00	1.7	19	2263	58⅜	57½	57⅞	−⅛
11⅞	9⅞	AlstMunTr x	0.78	7.2		558	11	10⅞	10⅞	+⅛
9⅞	7½	AlstIncOp x	0.63	7.6		79	8⅛	8⅛	8⅛	−⅛
10½	8⅛	AlstMnInc x	0.72	8.0		159	9⅛	9	9	−⅛
10⅛	8⅞	AlstMnInc x	0.60	6.2		136	9⅝	9½	9⅝	+¼
50	34⅜	Altel Crp	1.60	3.3	19	1436	48⅛	47⅞	48⅛	+⅜
8⅛	5	Alwaste			19	1247	6⅝	6⅜	6⅜	−⅛
80⅞	61	Alcoa	1.60	2.3	15	94064	69⅞	68⅞	68⅞	
55⅛	33½	Alza Cp A			75	3697	44⅝	43	44	+1
11⅜	10¼	AmGovInc	1.45	12.7		338	11⅜	11⅜	11⅜	
8½	6½	Am Precis	0.22	2.8	17	44	7⅞	7⅞	7⅞	+⅛
23⅞	15	Amax	0.40	2.4	24	1345	16⅝	16⅜	16½	
12½	7⅝	Amax Gold	0.08	1.0	34	98	8⅛	8	8	−⅛
1/2	1/32	Ambase Cp			0	1773	⅜	d1/32	1/32	
25	11⅝	Amcast Ind	0.48	2.8	10	43	17¼	17	17	−⅛
51¾	38⅜	Amerada Hs	0.60	1.3	59	1230	45¼	44⅞	45	+⅛
10⅞	10	Am Adj R	0.68	6.7		303	10⅛	10⅛	10⅛	−⅛
31⅛	22⅛	Am Barrick	0.13	0.5	29	2786	26⅝	26	26	−½
49⅞	39	Am Brands	1.97	5.3	8	2253	37¼	d36⅞	37⅛	+⅛

[remainder of the composite price listings (A–S sections) not transcribed: too small and blurred at the scan resolution]

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هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

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Prices data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm January 14

[illegible]

NASDAQ NATIONAL MARKET

3 pm January 14

[illegible]

FINANCIAL TIMES Friday January 15 1993

AMERICA

Growth stock focus eases Dow's decline

Wall Street

BLUE CHIPS once again lagged behind the broader market as demand for technology and small-cap growth stocks helped to offset earnings disappointments elsewhere, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 6.75 at 2,256.81. The more broadly based Standard & Poor's 500 was up 0.41 at 433.44, while the Amex composite was up 1.57 at 400.13. The Nasdaq composite, up 5.62 at 692.40, was in record territory once again. Trading volume on the NYSE was 157m shares by 1 pm.

News of a 52,000 rise in weekly jobless claims surprised the market, because the drop reversed the recent trend for improving job market conditions. This was offset by better news on retail sales, which rose 1.2 per cent in December. There was also good news on inflation, with the labor department announcing that producer prices advanced just 0.2 per cent last month.

With many investors still apprehensive about the immediate outlook for stock prices and willing to wait until the quarterly reporting season is over, leading issues remained locked in a narrow range.

Leading indices were pulled in different directions by a big loss in JP Morgan on disappointing figures and a solid rise in some big technology issues which reported stronger-than expected earnings.

JP Morgan dropped $3 to $61⅞ in volume of 1.3m shares after reporting that profits rose 11 per cent in the fourth quarter to $298m, or $1.48 a share. Although the net income figure was slightly higher than forecasts, analysts were disappointed with JP Morgan's operating earnings.

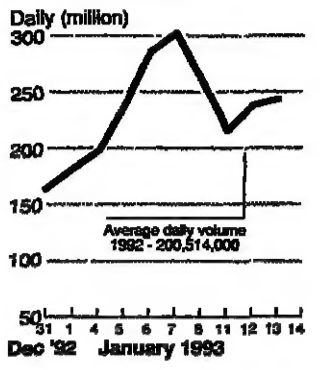
Motorola jumped $8 to $120⅝ as investors reacted positively to the news that fourth quarter profits reached $181m, up from $126m a year earlier.

Digital Equipment were also in favour, soaring $6⅛ to $41 in volume of 3.2m shares on the news that the computer group's fiscal second quarter losses narrowed to $73.8m, down from a figure of $155.2m a year ago.

The good news from the sector lifted other technology stocks, with IBM rising $1⅜ to $49½, Compaq putting on $1⅝ at $52¼ and Hewlett-Packard adding $1⅛ at $72¾.

Coca-Cola jumped $1⅝ to $43 on reports that international unit case volume in December was 11 per cent higher than the year before, a big improvement on previous estimates of overseas sales growth.

NYSE volume



Canada

TORONTO stocks were steady but slightly off morning highs in active midday trading as the market absorbed a spate of corporate news. The TSE 300 index edged up 1.1 to 3,299.4 in volume of 23.5m shares valued at C$183.7m. Advances outstripped declines by 228 to 195, with 285 issues unchanged.

Molson A shares rose C$1 to C$29¼ on news that Philip Morris's unit, Miller Brewing Co, will buy 20 per cent of Molson Breweries for US$273m.

EUROPE

Frankfurt cheered by Siemens results

BOURSES were mostly stronger yesterday, *writes Our Markets Staff.*

FRANKFURT brightened on unexpectly strong results from Siemens, which posted higher 1991-92 profits and a 2 per cent gain in net for the first three months of the current year, against expectations of a 5 to 10 per cent decline. The stock rose DM5.90 to DM578.90, enhanced by short-covering.

The DAX index added 7.24 to 1,523.74 as German market turnover fell from DM4.3bn to DM3.7bn.

Volkswagen, which had hit DM254.40 in late trading on Wednesday, recovered to close at DM259.40, 90 pfg higher on the official session. Mr Michael Geiger of NatWest Securities said that spending cuts announced on Wednesday were not deep enough and would not produce the savings required to make the shares attractive at this level.

The speciality retailer, Douglas, rose DM15 to DM426 on a 7 per cent gain in group turnover for 1992. Allianz showed little reaction to car insurance losses, the result of car thefts, gaining DM8 at DM1,956.

FT-SE Actuaries Share Indices

January 14								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1071.73	1072.75	1073.98	1075.01	1075.54	1077.85	1077.34	1076.93
FT-SE Eurotrack 200	1152.19	1152.39	1153.04	1153.14	1154.62	1156.96	1155.71	1154.08

	Jan 13	Jan 12	Jan 11	Jan 8	Jan 7
FT-SE Eurotrack 100	1063.02	1071.43	1069.87	1080.25	1081.92
FT-SE Eurotrack 200	1144.79	1152.84	1155.95	1167.34	1171.90

Base value 1000 (26/10/90) High/day: 100 - 1077.92; 200 - 1157.49 Low/day: 100 - 1071.69 200 - 1151.75.

PARIS rallied on hopes of lower interest rates, and the CAC-40 index ended 21.01 higher at 1,803.54 in turnover of FFr2.6bn.

Interest rate-sensitive stocks were in the limelight as Eurotunnel jumped FFr2.10 or 6.9 per cent to FFr32.70 in heavy volume of 3.9m shares. Paribas put on FFr16.90 or 4.8 per cent to FFr371.90 and Suez added FFr12 to FFr265.

Rhône-Poulenc CIs fell FFr15 or 2.2 per cent to FFr511 as investors were disappointed to read in a French newspaper that the company expected its 1992 operating profit increase to be a little less than its previous forecast of 10 per cent.

AMSTERDAM was lifted by technical trading ahead of today's expiry of futures options and the CBS Tendency Index rose 1.0 to 97.40.

Nedlloyd gained 80 cents to Fl 27.30 on reports that the company's pension fund had increased its holding to over 9 per cent through the purchase of Mr Torstein Hagen's 5 per cent stake.

KLM rose 90 cents to Fl 25.50 on news that it was to cooperate with JAL, the Japanese airline, on routes out of Amsterdam to Madrid and Zurich. DAF put on 20 cents to Fl 8.30 after its UK truck unit reported improved 1992 sales.

MILAN ended higher ahead of the close of the account today, on continued expectations that the cabinet would approve fiscal incentives for equity investors. The Comit index rose 9.33 to 468.18 in turnover estimated at less than Wednesday's heavy L293.4bn.

However, savings shares came under pressure on fears of a negative announcement regarding the convertibility of savings shares into ordinary shares. Savings shares in Credito Italiano lost L146 or 7.1 per cent to L1,903 while Banca Commerciale's savings shares slipped L134 or 3.7 per cent to L3,504.

After the close, Iri said that savings shares in Credito Italiano will not be converted into ordinary stock prior to the bank's privatisation.

MADRID rose on strong foreign interest and the general index put on 3.92 to 223.98 in high turnover of Pta24.5bn. Electrical utilities showed some of the best gains on hopes of lower interest rates, with Iberdrola Pta18 higher at Pta718. Tabacalera rose Pta115 to Pta4,315 on reports that it planned to sell a 50 per cent stake in its Royal Brands subsidiary while Telefónica advanced Pta65 to Pta1,245.

ZURICH transferred its attention from financials to industrials as the SMI index rose 27.6 or 1.3 per cent to 2,104.3. Dealers said that foreign money was mostly attracted to the banking and insurance sectors, and Winterthur rose another SFr80 to SFr3,020.

TEL AVIV recovered strongly after three days of profit-taking. The blue chip index jumped 4.37 or 2.15 per cent in turnover of Shk177m.

COPENHAGEN closed 2.5 per cent lower on fears that the prime minister, Mr Poul Schlueter, might be forced to resign following the release of a damaging judicial report on a refugee scandal. The KFX top-20 index fell 1.92 to 75.17.

STOCKHOLM closed lower despite a drop in money market rates. The Affärsvärlden General index slipped 7.9 to 922.6 in turnover of SKr866m.

ASIA PACIFIC

Nikkei index marks time as region moves ahead

Tokyo

THE NIKKEI average closed marginally lower in thin trading ahead of a public holiday, but underlying sentiment remained gloomy, *writes Bethan Hutton in Tokyo.*

The 225-share Nikkei lost 2.31 at 16,515.60, after trading in a narrow range around the 16,500 mark all day and setting a low for the session of 16,437.84 and a high of 16,568.98.

Volume contracted from Wednesday's 203.4m shares to around 170m, as many investors stayed on the sidelines in advance of the long weekend. Declining stocks continued to outnumber gains, by 589 to 277, and 208 issues closed unchanged.

The broader Topix index of all first section shares ended 3.55 points down at 1,267.91, but in London the ISE/Nikkei 50 index edged ahead 1.32 to 1,029.86.

Selling by specified money trusts was balanced by support buying from public pension funds and investment trusts when the Nikkei slipped below the 16,500 barrier.

Events in the Gulf had little effect on the market, as the US strike against Iraq had been widely expected. Brokers said oil issues would not be affected unless more serious fighting broke out. Nippon Oil was unchanged at Y580.

Department stores lost ground after figures released the previous day showed December sales down 11.2 per cent on the year, and sales for the whole of 1992 down 5.7 per cent on 1991. Mitsukoshi slipped Y3 to Y727, Daimaru retreated Y11 to Y535 and Hankyu dropped Y47 to Y770.

Small gains were seen in stocks expected to benefit from growing indications that an economic recovery is under way in the US. In particular, computer and electronics-related sectors drew some buying interest. TDK put on Y10 at Y3,500, Mitsubishi Electric firmed Y2 to Y472 and Matsushita Electric Industrial added Y10 at Y1,100, but NEC finished Y6 off at Y636.

Producers of Interferon were hit by high volume selling for a second day on news that the Health Ministry wants to limit the drug's prescription for Hepatitis C patients. Sumitomo Chemical fell Y13 to Y418, after losing Y24 the day before, while its specialist trading affiliate Inabata dipped Y10 to Y1,050. Toray Industries dropped a further Y14 to Y615.

NTT, the telecommunications group, weakened for the eighth consecutive day, closing Y4,000 cheaper at Y528,000 after low volume.

In Osaka the OSE index declined 112.58 to 18,051.76, with 71.4m shares traded.

Roundup

SHRUGGING OFF events in the Middle East, most of the Pacific Rim region's markets improved yesterday.

HONG KONG retained its impetus from overseas institutional investors, attracted by the colony's still-booming economy and low price/earnings ratios and less nervous over its political outlook than the locals. The Hang Seng index closed 111.42 higher at 5,890.16 for a four-day gain of 6.5 per cent.

Among the most active issues, HSBC finished 50 cents ahead at HK$60.50, Hang Seng Bank 50 cents up at HK$56.50 and Hutchison Whampoa 30 cents higher at HK$16.50.

SINGAPORE rebounded as investors bought index-linked stocks, the Straits Times Industrial index rising 25.46 to 1,558.40 in volume of 84.46m shares, against 94.88m on Wednesday.

Malaysian motor shares were in focus after news that the government had eased financing rules for vehicle purchases.

KUALA LUMPUR matched Singapore's interest in its own motor stocks, Tan Chong, UMW Holdings, Oriental Holdings and Cycle & Carriage Bintang firming between 37 and 60 cents each as the composite index appreciated 5.53 to 619.81.

TAIWAN was encouraged by expectations that parliament would pass legislation today or tomorrow reducing the stock transaction tax. The weighted index advanced 69.63, or 2.2 per cent, to 3,297.56 in turnover of T$11.8bn.

BOMBAY looked ahead to the February 28 national budget, rather than back at three days of riots, and the BSE index rose 39.11 to 2,459.67.

AUSTRALIA featured Westpac following the resignations of Mr Kerry Packer and another director over a dispute about the bank's restructuring plans. The stock fell 13 cents to A$2.91 in high volume of 11.3m shares. The All Ordinaries index ended 12.4 higher at 1,507.4, helped by a fall in the December unemployment rate.

SOUTH AFRICA

OVERSEAS interest in De Beers, up R2.25 at R68.25, lifted Johannesburg and the overall index closed 15 higher at 3,417. Industrials rose 10 to 4,550, but the gold index declined 6 to 791 as bullion prices weakened.

Rosier political climate lifts Latin America

John Pitt reviews the performance of the world's emerging markets last December

Latin America showed strong gains among emerging markets last month. In dollar terms, Argentina rose by 19.5 per cent while Brazil was just behind with 16 per cent, according to data provided by the IFC, part of the World Bank.

Argentina has recovered well since hitting year lows in November. Ms Veronica Berger, at Latin American Securities in London, says economic prospects have greatly improved: "The bulk of the privatisation programme was successfully carried out in 1992, IMF fiscal targets were met and latest real GDP growth estimates are around 9 per cent."

Much of this was due to a political willingness to tackle inflation. The virtual elimination of the budget deficit has already cut the rate to 20 per cent a year, from nearly 200 per cent a month in July 1989.

The stock market was also assisted by the completion of the privatisation of Gas del Estado, and investors are now waiting for the sale later this year of a 70 per cent stake in YPF, the state oil group and the country's largest company.

Brazil has also gained from an improved political climate following the resignation of President Fernando Collor de Mello. Although Mr Collor delayed his departure until December 29, just before his impeachment trial on corruption charges was to begin in the senate, the market began its rally about a week before.

This followed a decision by the then-acting president, Mr Itamar Franco, to allow Telebras, the telecommunications group, to increase tariffs by some 6 per cent in real terms over the next six months. This went against his earlier statements that prices would be kept down to fight inflation and make the service more accessible to the lower-paid.

Since then the new government has unveiled its economic blueprint with the aim of lowering interest rates, investing some $4bn in infrastructure, health and education projects, and increasing the minimum salary.

Indonesia, which lost 7 per cent in dollar terms, was the worst performer in December. Sentiment was depressed by the decline in Astra's share price as the founding Soeryadjaya family sold heavily to help pay off the obligations of their privately owned Bank Summa, which was ordered into liquidation by the central bank on December 14. The family eventually lost majority control of the automotive group as the year closed.

Wardley James Capel remains bullish about Indonesia. "We feel that the banking crisis and the Astra fiasco has been overdone and that earnings per share growth will surprise in 1993 and 1994," the broker says in a recent document.

Wardley offers some words of caution too: "Our major concern is the possible massive explosion of scrip supply; and how long it will be before investors trust the families enough to start buying again."

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Dollar terms: Dec 31 1992	% Change over month	% Change on Dec '91	Local currency terms: Dec 31 1992	% Change over month	% Change on Dec '91
Latin America							
Argentina	(29)	930.59	+19.5	−27.5	51,471,143	+20.1	−27.6
Brazil	(69)	104.68	+16.0	−0.2	392,110,509	+42.7	+1,020.4
Chile	(35)	1,729.18	+2.6	+12.1	5,105.93	+2.9	+14.4
Colombia	(20)	1,093.96	+2.8	+35.7	7,790.78	+4.1	+56.2
Mexico	(66)	1,718.99	+4.9	+18.6	27,700.87	+5.0	+19.6
Venezuela	(17)	386.25	+3.5	−42.9	4,025.25	+4.6	−26.6
East Asia							
South Korea	(91)	265.11	−0.5	−0.3	271.81	−0.2	+3.6
Philippines	(30)	1,682.69	−4.2	+17.1	2,134.02	−3.2	+12.2
Taiwan, China	(70)	454.40	−6.6	−27.9	289.71	−7.6	−28.6
South Asia							
India	(62)	323.68	+2.3	+17.6	746.01	+4.1	−30.7
Indonesia*	(63)	53.74	−7.1	−3.6	61.71	−6.9	+0.3
Malaysia	(62)	178.90	−4.3	+24.5	192.91	−1.2	+19.7
Pakistan	(58)	235.73	+0.2	−26.2	391.20	+0.5	−23.5
Thailand	(51)	412.75	+3.8	+30.2	387.56	+3.7	+32.5
Euro/Mid East							
Greece	(32)	275.92	+1.7	−33.4	463.03	+5.5	−18.0
Jordan	(27)	115.74	+5.5	+20.4	206.97	+5.2	+20.6
Portugal†	(30)	329.99	−1.4	−23.2	312.16	+1.5	−15.5
Turkey‡	(25)	33.54	−2.2	−60.6	377.98	+1.6	−33.0

*Source: International Finance Corporation. Base date: Dec 1984 = 100. *Dec 1989 = 100 †Jan 1988 = 100. ‡Dec 1986 = 100*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	Wed Jan 13 1993: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	Tue Jan 12 1993: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index: 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	117.39	−1.5	113.05	93.50	99.64	116.03	−1.1	4.19	119.14	114.70	94.33	101.09	117.32	153.68	108.18	149.03
Austria (18)	132.11	−0.1	127.22	105.22	112.13	111.74	−0.4	2.19	132.18	127.25	104.65	112.15	112.17	186.70	132.11	164.93
Belgium (42)	134.03	+0.2	129.07	106.74	113.75	111.06	+0.2	5.15	133.82	128.83	105.94	113.54	110.88	152.27	131.19	139.31
Canada (113)	112.57	−0.6	108.40	89.65	95.53	104.50	−0.4	3.23	113.26	109.04	89.66	96.09	104.89	142.12	111.36	140.77
Denmark (33)	190.05	+0.4	183.02	151.37	161.30	162.97	+0.3	1.68	189.37	182.31	149.93	160.67	162.45	273.94	181.70	262.96
Finland (23)	69.11	−1.5	66.55	55.05	58.66	79.05	−1.1	1.78	70.14	67.53	55.54	59.51	79.93	89.80	52.84	86.41
France (99)	142.72	−0.6	137.45	113.67	121.12	123.86	−0.7	3.64	143.55	138.20	113.65	121.79	124.70	168.75	136.93	148.90
Germany (62)	101.59	−0.9	97.83	80.92	86.22	86.22	−0.8	2.64	102.48	98.66	81.15	86.95	86.95	129.69	101.59	115.49
Hong Kong (55)	231.48	+1.8	222.93	184.37	196.48	229.95	+1.8	3.90	227.36	218.88	180.00	192.91	225.93	262.28	176.36	180.61
Ireland (16)	140.60	−1.4	135.40	111.98	119.33	122.18	−1.6	4.34	142.64	137.32	112.93	121.02	124.18	173.71	122.98	164.37
Italy (76)	55.37	+1.1	53.32	44.10	46.99	62.42	+1.8	3.33	54.76	52.72	43.35	46.46	61.31	80.86	47.47	77.45
Japan (472)	101.08	−1.4	97.34	80.50	85.80	80.50	−0.8	1.04	102.55	98.72	81.19	87.02	81.19	140.95	87.27	124.89
Malaysia (69)	251.66	−0.5	242.36	200.43	213.59	251.81	−0.4	2.64	253.02	243.58	200.32	214.68	252.83	282.42	212.49	214.74
Mexico (18)	1664.14	−0.7	1602.63	1325.44	1412.42	5655.88	−0.8	1.06	1675.44	1612.98	1326.49	1421.57	5703.44	1789.77	1185.84	1502.17
Netherland (25)	150.39	−0.4	144.83	119.78	127.64	125.99	−0.4	4.52	150.98	145.36	119.54	128.11	126.45	169.70	147.88	150.45
New Zealand (13)	41.44	−0.6	39.90	33.00	35.17	42.80	−0.8	5.12	41.68	40.13	33.00	35.37	43.13	48.52	37.39	46.48
Norway (22)	143.09	−1.5	137.80	113.97	121.45	135.08	−1.6	1.78	145.25	139.84	115.00	123.25	137.27	192.95	128.05	182.70
Singapore (38)	207.04	−1.0	199.39	164.90	175.72	158.29	−0.9	2.06	209.23	201.43	165.65	177.52	159.72	229.63	179.65	220.78
South Africa (60)	155.96	−0.4	150.19	124.21	132.36	164.60	−0.4	3.09	156.64	150.80	124.01	132.90	165.19	263.60	134.21	258.92
Spain (47)	118.79	+0.5	114.40	94.62	100.82	104.26	+0.4	5.82	118.25	113.84	93.63	100.33	103.87	161.72	107.10	155.49
Sweden (36)	158.38	−0.3	152.52	126.15	134.42	174.56	−0.5	2.46	158.90	152.98	125.81	134.83	175.43	200.28	149.69	179.13
Switzerland (56)	110.40	+0.4	106.32	87.94	93.72	102.12	+0.0	2.10	109.93	105.83	87.04	93.29	102.16	122.37	95.99	100.59
United Kingdom (226)	169.95	−0.5	163.67	135.35	144.23	163.67	−0.4	4.52	170.73	164.36	135.16	144.85	164.36	200.07	161.86	177.15
USA (522)	177.05	+0.5	170.51	141.02	150.28	177.05	+0.5	2.89	176.19	169.62	139.50	149.50	176.19	180.06	160.92	171.86
Europe (781)	133.92	−0.3	128.97	106.67	113.67	122.90	−0.3	3.84	134.37	129.36	106.38	114.01	123.32	158.88	131.31	144.25
Nordic (114)	145.28	−0.3	139.91	115.71	123.31	141.09	−0.4	2.17	145.78	140.35	115.42	123.69	141.70	188.52	141.24	182.53
Pacific Basin (715)	105.93	−1.2	102.02	84.37	89.91	86.10	−0.7	1.40	107.26	103.26	84.92	91.01	86.71	141.97	93.70	127.25
Euro − Pacific (1496)	117.26	−0.8	112.93	93.39	99.52	100.78	−0.5	2.53	118.23	113.82	93.60	100.31	101.33	145.21	113.80	134.34
North America (635)	173.06	+0.4	166.66	137.85	146.91	172.14	+0.5	2.90	172.29	165.87	136.42	145.21	171.35	176.04	158.70	169.69
Europe Ex. UK (555)	112.51	−0.2	108.35	89.63	95.51	100.63	−0.3	3.33	112.77	108.57	89.30	95.71	100.91	132.98	111.33	124.17
Pacific Ex. Japan (243)	153.57	+0.0	147.89	122.33	130.35	143.30	+0.2	3.71	153.51	147.78	121.55	130.26	143.05	175.31	146.06	150.56
World Ex. US (1687)	118.51	−0.8	114.13	94.40	100.59	102.93	−0.5	2.55	119.47	115.02	94.59	101.37	103.48	146.91	115.99	136.77
World Ex. UK (1983)	134.22	−0.2	129.26	106.91	113.93	121.97	−0.1	2.48	134.52	129.51	106.51	114.15	122.04	150.58	127.21	144.67
World Ex. So. Af. (2149)	137.29	−0.2	132.22	109.36	116.54	125.29	−0.1	2.69	137.63	132.50	108.98	116.79	125.40	153.05	130.04	146.77
World Ex. Japan (1737)	157.71	+0.1	151.88	125.62	133.87	152.03	+0.2	3.24	157.47	151.60	124.69	133.63	151.79	165.40	151.93	160.85
The World Index (2209)	137.32	−0.2	132.24	109.37	116.55	125.65	−0.1	2.69	137.66	132.53	108.99	116.81	125.77	153.70	130.66	147.51

Latest prices were unavailable for this edition.

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